



DEVELOPMENT OF HANDLOOM INDUSTRY IN UTTAR PRADESH

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BY

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CERTIFICATE

This is to certify that Mr. Adeel Ahmad has worked under my supervision for M.Phil. dissertation entitled "Development of Handloom Industry in U.P."

In my opinion the dissertation is suitable for submission in partial fulfilment of the requirements for the award of M.Phil. in the Department of Commerce.

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PREFACE

The handloom industry of Uttar Pradesh is rural-based, employing 15 lakh weavers. In Handloom products, Uttar Pradesh ranks third and earns substantial foreign exchange.

In pre-Independence period, the colonial rulers adopted policies to ruin the handloom sector and precipitate economic backwardness. India continued to have one sector, viz., the 'Primary Sector' to supply raw-materials to English textile mills, and others. In the trade with England, India was loser as the terms of trade were unfavourable. The political awareness and relentless efforts of social reforms since 1920, and subsequently the World War II fought in Europe, crippled the productive capacity of colonial rulers. The suggestions for economic reforms made a dent in the British policies vis-a-vis Indian entrepreneurship and development of industries in India. Gandhiji's call for boycott of English goods and the call for hand-spun and woven cloth made it a part of national movement for freedom.

In 1947, the country won freedom and adopted quasi-planning for economic development. The Planning Commission, as reflected by the priorities, wanted allocative efficiency in developing capital goods industry for prosperity and self-sustaining economic base. The Handloom industry, like the other rural-based

cottage industries, received little attention. The numerous authors brought out the fact that measures of the West would not be appropriate to problems in India. The first three Five Year Plans had, in so many words, laid down objective for the public sector to provide infrastructures and develop heavy industries as a matter of strategic importance to accelerate economic growth. It was the model which Harrod-Damodar had formulated for transformation of inter-developed economies.

Indian economists, Raja J. Chaliah, among others did not mince words to highlight its shortcomings, specially the objectives of employment and stability. The drought, followed by unprecedented bouts of inflation culminating into massive trade deficits and devaluation of rupee twice, in the midst of widespread unemployment, proved the contention of the Indian political thinkers and economists convincing. The Government of India and the State Governments, now awake to disparities in the distribution of income and wealth and regional backwardness, prepared 20 Point Economic Programme and associated the banks, financial institutions and set up institutions to preserve and promote the traditional cottage industries with indigenous and locally available resources; handloom industry being one of them to benefit from fresh approach to the balanced economic development programme.

Plan Layout

The dissertation is divided into six chapters. In the first chapter, it has been highlighted that Uttar Pradesh is endowed with natural resources to sustain and develop industries in the rural areas of the State. The lack of infrastructures has been responsible for disparate

industrial development in the rural and urban areas.

The second chapter has drawn attention to the labour intensive industries which the State, in cooperation with population, can manage to start without committing massive capital, and foremost of them being the handlooms. The fact that the handlooms provide gainful employment, raise income and increase output of cloth which is one of the basic wage goods has indeed been incorporated in the recommendations of the Five Year Plans.

The contention of handlooms as a means to provide better employment opportunities in all the regions of the State is borne out by the history. A perspective on historical role of the handloom is elaborated in the third chapter. The weavers' poverty is proverbial; the money-lenders and the traders of their fabrics are the exploiters.

The problem of financing the weavers apart, the handloom industry's growth is retarded by magnitudes of hordes of problems, ranging from antiquated equipments, inadequate supply of raw materials, absence of marketing facilities, etc. These problems have been dealt upon at length in the fourth chapter. The role of the U.P. State Government in setting up institutions for handloom industry has been objectively criticised.

No matter how belated the State has got to draw upon its resources in assistance to handlooms, the role of the U.P. Government is vital and crucial for the industry to be viable. The fifth chapter outlines the direction of the State's efforts and allocative priorities in the budget and the plan so that the handloom industry gets a strong foot-hold in the foreign markets as well.

The objective is not far-fetched. The sixth chapter categorically puts forth the problems and the suggestions for the political thinkers and the economists to ponder over. [It is aptly pointed out that the State's scheme in respect of handlooms are restricted to big handloom entrepreneurs. The modernisation scheme, the design development scheme, the area of operation of the Handicraft and Handloom Corporation of India Ltd. and the weavers' training centres have covered less than 30 per cent of the State's handloom units. To make it effective, there is no denying the fact that the State Government should participate in capital expenditure for net economic benefits stemming from modernisation, renovation, innovation, expansion, training of weavers in modern technology, improvement in environment surrounding handloom units, etc. No efforts have to be spared in organising weavers by forming cooperatives. Doubts have been expressed that the Government's policy to list items for handlooms exclusively is working perfectly. Powerlooms are still producing the reserved items. It is suggested that the State should take upon itself the role of providing, among other things, the managerial and technical assistance, besides special banking services exclusively for the handloom sector.

METHODOLOGY

In my study I have mainly relied on the analysis and interpretation of secondary data which I collected from the various books, journals, periodicals and government publications. It is possible that this study has some limitations as the authenticity of the secondary data cannot be ensured. However, I visited Directorate of Industries, Kanpur, and Directorate of Khadi Village Industries Board, Lucknow. I also visited the Handloom Corporation and the other centres established by the State Government

for discussion of the problems facing the handloom industry. I selected the districts of Uttar Pradesh where the handloom industry is dominant like Azamgarh, Faizabad, Gorakhpur, etc.

I also elicited information from entrepreneurs regarding the problems they are facing in expansion, modernisation, renovation or innovation. I also discussed with entrepreneurs the marketing problems and anticipated return on the capital invested. The whole process of data analysis and study was divided into different phases. First of all, a detailed examination of the secondary data was made. The purpose was to get the latest information on the subject. Secondly, the figures and statistical information which was collected from the secondary data was systematically arranged, tabulated, analysed and interpreted in order to arrive at practical suggestions and conclusion regarding problems of handloom industry.

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Chapter I

ECONOMIC DEVELOPMENT OF UTTAR PRADESH : A STUDY OF HISTORICAL PERSPECTIVE

ECONOMIC DEVELOPMENT OF UTTAR PRADESH - A STUDY OF HISTORICAL PERSPECTIVE

Uttar Pradesh is the most populous State in India. In terms of area, it ranks the fourth largest State in India. It covers an area of 2,94 lakh square kms which constitute 8.92 per cent of India's total area.¹ A large segment of the population of India lives within the boundaries of the State. Economic development of Uttar Pradesh assumes special significance by the sheer weight of its population. Economic growth of this region would naturally affect the national living standard.

GEOGRAPHICAL SCENE

Uttar Pradesh has significant location. It is lying between 23°52' and 31°18' North latitude and 77°10' and 89°39' East longitude. Uttar Pradesh is bounded by Tibet and Nepal in the north, Himachal Pradesh in the northwest, Haryana in the west, Rajasthan in the southwest, Madhya Pradesh in the south and Bihar in the east.

The State can be divided into three distinct regions:

1. Northern mountain region
2. Southern hills and plateau, and
3. The Ganga plain

1 India 1983, A Reference Manual, Ministry of Information and Broadcasting, New Delhi, p.9.

(1) The Northern Mountain Region - The northern mountain region displays a highly desolate and rugged topography which have rendered some areas almost inaccessible. The lofty Himalaya embraces Uttar Kashi, Chamoli, Pithoragarh, Tehri Garhwal, Nainital, Dehradun, covering about one-sixth of the total areas of the State.

(2) Southern Hills and Plateau - The southern hills and plateau cover almost the whole of Jhansi, Jalaun, Hamirpur and Banda districts, the Meja and Karchhana tehsils of Allahabad district, nearly the entire Mirzapur district -- south of the Ganga river -- and the Chakia tehsil of Varanasi. The altitude in this area does not generally exceeds 300 meters above the mean sea level, though in some places it goes as high as 450 meters. The general slope is towards the northeast.

(3) The Ganga Plain - The Ganga plain region possesses some distinctive features of its own. This area is almost devoid of minerals which partly account for the very insignificant industrial development of Uttar Pradesh. The northern belt of plain is called Bhabhar and Tarai. Bhabhar is covered with dense forests. The main crops of Bhabhar and Tarai are wheat, rice and sugarcane. The Gangetic plain has much fertility of soil and favourable climate, watered by the Yamuna, Ganga, Ghaghara and its tributaries.

Climate

The State has tropical climate, except for Himalayan region which has a temperate climate. In the plain the average temperature varies from a minimum 47°F in January to a maximum of 107°F in May, depending on the time of the year, as well as on location of the place. Towards the end of June, southernly monsoon appears and brings down the temperature. The area in the monsoon belt, records bulk of its rainfall in the State, viz., 940 mm. The rainfall decreases from east to west and from north to south. Practically no part of the State receives rainfall less than 500 mm.

Thus, the State possesses abundant natural and other resources which can be utilised for the development of Agro-based industries.

Population

Besides natural endowment, the State is also full of human resources. According to 1981 census, the State consists of 110 million people or 16.2 per cent of the country's total population, and ranks first among the States in terms of population.

The demographic figure of 1981 census shows that economy of Uttar Pradesh is largely rural based as far as the the distribution of population is concerned. The trend of the growth of the population in Uttar Pradesh can be seen with the help of the Table.No. 1.

Table 1

Growth of Population in Uttar Pradesh

Year	Population	Density per sq. km	Increase of per cent from 1951	Annual growth in per cent	Literacy in per cent
1950-51	63219655	215	-	-	-
1960-61	73754554	251	16.68	1.66	17.60
1970-71	88341144	300	39.73	1.97	21.70
1980-81	110858019	377	75.36	2.51	27.16

SOURCES : (1) India 1985, A Reference Manual, Ministry of Information and Broadcasting, New Delhi, p. 7-18.

(2) Draft Annual Plan, Vol.Third, Planning Department, Government of Uttar Pradesh, Lucknow, 1982-83.

An analysis of the table No. 1 shows that the population has been increasing. The annual growth rate of population was 2.51 per cent in 1981 whereas the population increased by 75.36 per cent over 1951. The distributing aspect of the State economy shows that there is a pressure on land. The density of population was 215 per sq. km. in 1950-51 which has increased to 377 per sq. km. in 1980-81. Uttar Pradesh was much behind the other advanced States in the matter of basic facilities of education and health. This deficiency persists in the most backward parts of the hilly areas and the eastern region. The progress of literacy in the State has gradually improved from 17.6 per cent in 1960-61 to 27.16 per cent in 1980-81.

Occupational Structure

The economy of the State is mostly agrarian. The State population has higher rural composition than all-India average mainly due to weak industrial base of the State and large dependence of the population on land.

According to 1981 census, 29.32 per cent of the total population of the State comprised workers. Out of this work-force, 58.02 per cent were engaged as cultivators and 16.32 per cent as agricultural labourer. In all, 74.34 per cent were working in agriculture and the allied activities (Table 2).²

Table 2

Occupational Structure of Working Population in
Uttar Pradesh
(1981 Census)

S.No.	Occupation	UTTAR PRADESH		INDIA	
		1971	1981	1971	1981
1	Cultivators	58.52	58.02	43.30	41.53
2	Agricultural labourers	23.09	16.32	26.30	25.6
3	Household Industry	1.28	4.39	3.50	3.99
4	Other workers	17.11	21.27	26.90	29.32

SOURCE: 1. Census of India, 1981, Series 1, Paper 3 of 1981, New Delhi, 1982, p. 31-32.

2. India 1983 (A Reference Manual), Ministry of Information and Broadcasting, New Delhi, p. 307.

² Census of India, Series Paper 3 of 1983, Government of India.

The table No. 2 also reveals that workers as cultivators in Uttar Pradesh declined from 58.52 per cent in 1971 to 58.02 per cent in 1981, whereas the percentage of agricultural labourers came down from 23.09 per cent in 1971 to 16.32 per cent in 1981. This shows that a large number of persons who were classified as cultivators in 1971 have been reported as working in the household industry on the basis of their main occupation mainly because of fragmentation of holding at the lowest level.

Power Generation and Rural Electrification

Power generation is an essential requirement of socio-economic development of a country. Power is an important input for increasing production in both agricultural as well as industrial sector. Uttar Pradesh has the following types of power generating stations which cater to the requirements of the State:

- (1) Thermal power projects
- (2) Hydro power projects
- (3) Diesel power projects
- (4) Atomic power station

Uttar Pradesh generates the maximum power in the northern region. Important hydro-power stations in the State are at Rihand, Ramganga, Chhipra, Yamuna Stage, with installed capacity of 300 M.W., 240 M.W., 198 M.W. respectively. Other important hydel stations are the Obra hydel (99 M.W.), Chella (144 M.W.) and Khodri (120 M.W.). The total installed capacity of hydel

in Uttar Pradesh is 1,220.05 M.W. which generates 4,175 M.W.H. of power. As far as thermal power production is concerned, the capacity of Uttar Pradesh is 2,513.10 MWH including some thermal power stations of higher capacity like that of Harduaganj A.B.C. (9,210,230 M.W.), Panki, and Panki Extension (64 M.W. and 220 M.W. respectively), Obra Thermal Power station (110 M.W.) and Panchha (110 M.W.).

Apart from these power generating sources, micro hydel schemes of 7,730 M.W. are installed mainly in hill districts. In these hill districts, the total number of hydel units is 38 and the total number of diesel power stations is 53.³

Though Uttar Pradesh has a mixture of hydel and thermal power units, thermal has highest share in power generation -- about 66.9 per cent of the total power generated. The hydel stations generate 33.1 per cent of power in the State.⁴

Rural Electrification - The distribution of electricity in the State is fairly widespread. Large number of rural areas have been covered by the Rural Electrification Programme. The following table No. 3 shows the number of electrified villages and energisation of private tube-wells/pumping sets.

The pattern of consumption shows that more electricity is used for irrigation purposes in Uttar Pradesh than for industry. Power for irrigation (tube-wells) is costly because

3 U.P. State Electricity Board (SEB) at a Glance, 1985.

4 Ibid.

of the long transmission lines. Power for industry is inadequate, and, hence the industrial backwardness persists. The deficiency in power supply to industry can be made up with minimum cost by replacing old and small thermal plants.

Table 3

Rural Electrification in Uttar Pradesh

Year	Electrified villages	Energisation of private tubewells/pumpsets
1951	110	639
1956	920	1,429
1961	1,082	3,566
1966	5,855	9,283
1969	12,926	65,513
1974	29,765	2,16,446
1977	33,098	2,16,446
1983	53,367	2,58,776
1984	N.A.	N.A.
1985	57,733	N.A.

SOURCE: (1) Annual Plan, Uttar Pradesh, 1978-79, Planning Division, Lucknow, p.336.
 (2) India 1984, 1985 (A Reference Manual), Ministry of Information and Broadcasting, New Delhi.

Transport and Communication

For the prosperity of a country equally important is the system of transport and communication to make trade possible. The position of Uttar Pradesh is better in respect of transport with 20 km. of railway route-length per thousand sq.kms.

of area as against all-India average of 18 kms.⁵ The State held a road-length of 29,213 kms (surface road) in 1968-69 which increased to 35,409 kms in 1973-74 and to 56,688 kms. in 1978-79, showing an increase of 2.15 per cent during the Fourth Five-Year Plan (1974-79). The total road-length further increased to 59,133 kms. in 1979-80 and to 61,879 kms in 1980-81.⁶ The table No.4 shows the transport and communication available in the State.

Table 4

Transport and Communication Facilities Available
in Uttar Pradesh

Year	Length of surface road kms.	Post Offices	Television	Telephone connections
1980	59,133	17,255	-	-
1981	61,879	17,397	1,59,977	-
1982	72,473	17,628	1,64,939	-
1983	-	-	2,11,170	-
1984	-	-	-	-
1985		18,148	-	1,92,227

Source: (1) India, 1985, A Reference Manual, Ministry of Information and Broadcasting, New Delhi, p. 416.
(2) Quarterly Statistical Bulletin, Statistics of Uttar Pradesh, Directorate of Economics, October, 1980-1983.

Agriculture

Agriculture is by far the most important sector of the economy as it contributes the most to the State's income.

5 Commerce, Bombay, vol.141, No. 608, August, 1980, p.67.

6 Draft Annual Plan 1982-83, Planning Dept., Govt. of Uttar Pradesh, Lucknow, p.6.

About 60 per cent of the State's Domestic Product originates in this sector and engages 86 per cent of the population of the State; out of which 75 per cent of the total number of workers are employed as cultivators and agricultural labour.⁷ The need for development of this sector due to many reasons as it supports a major portion of the State's population and also because of its role in further development. The State is poorly endowed with other physical resources, particularly minerals. The State's agriculture contributes raw-materials to agro-based industries.

Major Crops - The major crops are wheat, barley, gram, rice, jawar and maize which are called cereal crops. The cash crops include sugarcane, potato, rapseed, mustard, groundnut, turmeric, cotton and jute.

Average Production of Major Crops - Uttar Pradesh has made considerable progress in agricultural production during 1960-61 and 1982-83. It has a total area of 29.6 million hectares, of which 17.4 million hectares represent the net sown area. The table No.5 indicates the increase in production of agriculture.

The table 5 shows the relative levels of area and production of the principal agricultural commodities during 1960-61 to 1982-83. It also reveals the percentage of increase in area of production of crops. Cereal is an

7 Singh, A.L. and Saxena, A.P., 1985, 'Agricultural Development in Uttar Pradesh,' The Geographer, Vol. XXXII, No.1, pp. 20-28.

Table 5

Uttar Pradesh Area, Production and Yield of Foodgrains

Items	1960-61		1980-81		1960-61 - 1980-81		1982-83		1960-61 - 1982-83	
	Area Million hectare	Produc- tion million tonnes	Area Million hectare	Produc- tion million tonnes	Area in produc- tion in % %	Increase %	Area Million hectare	Produc- tion million tonnes	Area in % %	Increase %
Total cereal	13.78	11.01	17.00	22.00	23.36	103.63	16.77	23.70	21.69	115.25
Total pulses	4.61	3.82	0.85	2.49	-81.56	-34.81	3.01	2.31	-34.76	-34.29
Total oil seeds	0.57	1.00	0.70	1.55	586.00	60.00	4.04	1.52	609.00	52.00
Sugar-cane	1.36	34.52	1.30	64.24	-4.41	17.83	1.80	82.18	32.35	50.74
Potato	0.11	0.8	0.26	4.23	136.36	428.75	0.28	4.48	154.54	460.00
Total food- grains	18.36	14.49	20.36	24.95	11.43	72.18	-	-	-	-

Source: Bulletin of Agricultural Statistics, Directorate of Agricultural Statistics,
Uttar Pradesh, Krishi Bhawan, Lucknow, 1960-61, 1982-83.

important crop of Uttar Pradesh which occupied 13.78 million hectare of land and registered a production 11.01 million tonnes. While in 1982-83 cereal crops occupied 16.77 million hectare, the production touched on the level of 23.70 million tonnes. There was 115.25 per cent increase in production and 12.69 per cent increase in area under cereal crops from 1960-61 to 1982-83. Besides, these cereal crops, sugarcane and potato also show a significant increase in both in terms of area and production. The State has the largest acreage under cultivation of sugarcane, constituting about 25 per cent of the cane area of the country and it produces about 26 per cent of the total quantity of sugarcane in the country. Sugar production in the State maintained steadily rising trend from 34.52 million tonnes in 1960-61 to 82.18 million tonnes in 1982-83. Similarly the State achieved substantial increase in production of potato from 0.8 million tonnes to 4.28 million tonnes during the period under review. The State made a notable progress in respect of production of oil-seeds from 1 million tonnes in 1960-61 to 1.52 million tonnes in 1982-83.

Although there are some indications of increase in the cultivation of cereal as revealed in the study of Table No.5, a disquieting development has taken place in the case of pulses. The area under pulses shows the declining trend from 4.61 million hectares in 1960-61 to 3.01 million hectares in 1982-83. The production declined from 3.82 million tonnes

to 2.51 million tonnes during the period under review. Thus, there is about 35 per cent of decline both in term of area and production of pulses in the last two decades.

The study of population growth and agricultural produces shows that the population in 1960-61 was 73.55 million and it rose to 110.36 million in 1980-81 at a rate of 50.3 per cent. The annual growth rate of population was 2.51 per cent. The production of total food grain in 1960-61 was 14.4 million tonnes and in 1982-83 it was 24.9 million tonnes. Thus the annual growth rate of the food production was 3.61 per cent. Therefore, it could be observed that the population growth was sustained by increased food production. If the same trend is maintained till 2000 A.D., Uttar Pradesh will have surplus stock of food.

Irrigation and Agricultural Inputs - The development of agriculture and economic growth of the State are the result of the development of infrastructure including increased inputs like irrigation, fertilizer and improved seeds. Progress of irrigation and uses of agricultural inputs have been shown in the table No. 6.

Table No.6 indicates that irrigation has turned out to be a significant factor in determining the yield of crops in Uttar Pradesh. The table also shows a sharp increase in the net irrigated area from 4.85 million hectare in 1960-61 to

Table 6

Progress of Irrigation & Uses of Agricultural Output in Uttar Pradesh
1960-61 to 1982-83

S.No.	I t e m s	1960-61	1970-71	1980-81	Percentage increase 1960-61 to 1980-81	1982-83	Percentage increase 1960-61 to 1982-83
1.	Total geographical area in hectares	29397785	29806179	29739421	1.16	29747789	1.18
2.	Net sown area in hectares	17289783	17304883	17221367	- 0.39	17225662	- 0.37
3.	Percentage of net area sown. Total geographical area	58.81	58.85	57.90	- 1.64	57.90	-10.64
4.	Total cropped area in hectares	12147352	2320744	24573847	10.95	24707613	11.56
5.	Percentage of total cropping area.Total geographical area in hectares.	75.33	77.80	82.63	9.69	83.06	10.26
6.	Gross irrigated area in hectares	5288174	8362757	11051404	108.95	12125086	129.26
7.	Net irrigated area in hectares	4859300	7218711	8911564	83.39	9884295	103.41
8.	Fertilizer consumption in million tonnes	0.03	0.41	1.15	3097.22	1.42	46.33
9.	Area under High Yielding variety in hectares	-	2709000	8030000	-	-	-

Source: Bulletin of Agricultural Statistics (1960-61 to 1982-83), Directorate of Agricultural Statistics, Uttar Pradesh, Krishi Bhawan, Lucknow.

9.8 million hectare in 1982-83. There is an increase in cropped area from 75.33 per cent in 1960-61 to 83.06 per cent in 1982-83. Seed is the basic input for agriculture. The National Seed Corporation and the State Farming Corporation of India have been brought into existence for the production and multiplication of seeds. As a result of much effort and demonstrations on Government research farms and on farmers' fields, seeds of high yielding varieties have spread rapidly. In Uttar Pradesh, the area under high yielding varieties of seed increased from 0.2 million hectares in 1970-71 to 0.8 million hectares in 1980-81. The high yielding varieties are highly fertilizer-responsive; hence to secure highest yield per hectare it becomes necessary to make the maximum consumption of fertilizer. The net consumption of fertiliser increased from 0.03 million tonnes in 1960-61 to 1.42 million tonnes in 1982-83. Moreover, to help in the development of agriculture, preventive measures were adopted to protect the crops from pests and diseases. The government has evolved a strategy for integrated plant protection services, keeping close watch for timely detection of the emergence of pests and disease. It has set up a plant protection squads for aireal spraying and for enlarging the delivery system of pesticides for plant protection.

Vegetation

Forest is a renewable natural resource for excellent development, prosperity and well-being of a nation. Besides providing a variety of basic raw materials, it also protects two other renewable resources, viz., water and soil. To ensure perpetual supply of water and protection of soil, conservation of forest becomes a basic need of the community. The forest land of Uttar Pradesh covered 39,770 sq. kms. or 13.44 per cent of the total geographical area in 1960-61 which rose to about 5,136 sq. kms. or 17.37 per cent of the total State's geographical area in 1978.⁸ Most of the forest is located and scattered in the Himalayan hill area, Gangetic plains and Bundelkhand region. Himalayan forest is of good quality but their exploitation is really hampered by the lack of sufficient roads. The forest of Bundelkhand region is of poor quality and, due to over grazing, there is scarcity of timber and fuel-wood. In the Chambal and Yamuna river regions, over-grazing has caused problem of soil erosion.

From the above analysis it may be concluded that Uttar Pradesh is mainly agricultural State. Due to a comparative lack of minerals, shortage of power, inadequate financial facilities and many other economic and social factors, the

8 (i) Techno-Economic Survey of Uttar Pradesh, NCAER, New Delhi, Sree Saraswati Press Ltd., Calcutta, p.65;
(ii) Manorma Year Book 1983, p. 665.

State continues to be economically backward. The high density of population coupled with the dependence of nearly three-fourths of its total population on agriculture, the very low productivity of land and domination of the industrial sector by traditional cottage industry have resulted in low per capita income in the State (Rs. 1,764) compared with Rs. 3,000 for other States and Union Territories on average during 1984-85.⁹

Industrial Development in Uttar Pradesh

The small scale and village industries play a vital role in providing employment opportunities and diversification of industrial set-up in rural areas. Industrial development in Uttar Pradesh is essentially connected with economic and social development of its vast population of about 10 crores who hopefully look up to the government for productive employment opportunities. To meet this challenging situation and to fulfil the aspirations of the people, the State government has undertaken a number of progressive and revolutionary steps.

The constant efforts of the State Government have produced very encouraging results. Today we see a number of industrial units coming up all over the State. A number of the steps taken during 1984-85 to promote and establish industries

⁹ Manorma Year Book, 1987, Manorma Co.Ltd., Kotayyam, Kerala, p.519.

have shown encouraging results. During 1984-85, as many as 582 medium and heavy industries were set up with an outlay of Rs. 3,308 crores. It is noteworthy that thrust is now on petrochemical, electronics, and automobile industries. Four major gas-based fertilizer factories are to be located at Shahjahanpur, Badaun, Aonla (Bareilly) and Jagdishpur.¹⁰

The main advantage of establishing small scale industries is that they provide employment to large number of people with less investment than in the case of medium and big industries. While employment per lakh of rupees of investment in large scale sector is three persons on average, it is about 20 persons in the small scale and village sector.¹¹ During Five Year Plans, small scale industry has made considerable headway which can be seen from the data given in Table No.7.

The Table No.7 shows the growth of small scale sector from 1979-80 to 1984-85 in term of number of units, production and employment. The number of units increased from 47,943 in 1979-80 to 1,10,710 in 1984-85. The average growth rate is 18.24 per cent and the production has gone up from Rs. 983.03 crores in 1979-80 to 2,143.00 crores in 1984-85, showing 16.94 per cent of average growth rate. Similarly, employment registered 5,38,260 persons in 1979-80 which increased to 9,20,756 persons in 1984-85, having 11.35 per cent of average growth rate.

10 Times of India, New Delhi, 24 Sept., 1986, p.20.

11 Garg, J.N., 'Industrial Development in Uttar Pradesh, Khadi Gramodyog, Vol.XXVI, No.5, Feb.1980, p.234.

Table 7

Growth of Small Scale Industries

Year	Small scale sector (No. of units)	Annual growth rate in %	Production Rs. in crores	Annual growth rate in %	Employment of persons (Nos)	Annual growth rate in %
1979-80	47,943	-	983.03	-	5,38,260	-
1980-81	55,896	16.58	1076.85	9.54	6,13,813	14.03
1981-82	68,426	22.41	1318.42	32.43	6,91,145	12.59
1982-83	82,037	19.89	1580.00	19.84	7,75,194	12.16
1983-84	95,847	16.83	1847.00	16.89	8,50,149	9.66
1984-85	1,10,710	15.50	2143.00	16.02	9,20,756	8.30

Source: Commerce, N.K.M. International House, 178, Backbay Reclamation, Bombay, Vol. 153,
No.3926, August 16, 1986, p.336.

Industrial Policy Statement, 1980

The Industrial Policy of Uttar Pradesh envisages balanced industrial growth of large, medium and small scale industries. However, stress is laid on cottage and small scale industries in view of large employment potential with less capital and fuller utilisation of local resources and skills. Greater emphasis should be given to the development of the backward areas of the State. Infrastructure has to be accorded high priority with emphasis on development of industrial areas in backward and 'No Industry districts'. The State government aims at establishing at least one large industry in each backward district. A new thrust is given to nucleus projects in the backward districts with a view to encourage ancillary and small scale industries.

Uttar Pradesh is one of the industrially backward States of India. A number of measures have been taken to boost up industrialisation in the State in accordance with the Industrial Policy of the Government. In the sixties the Planning Commission divided the whole Uttar Pradesh into 39 backward and 17 non-backward districts on the basis of the level of industrial development.¹²

The process of industrialisation in the State is still slow. Industrial structure based on appropriate utilisation

12 Tiwari, R.T., Opportunity structure and industrialisation of backward areas in Uttar Pradesh, India, Jour. of Industrial Relation, Vol.19(2), Oct.8, p.211.

of natural and potential resources has not taken the desired shape. Low level of industrialisation in the State is due to low level of opportunity structure.¹³ On the basis of opportunity structure the State has been divided into backward and non-backward districts. Table No. 8 gives the classification of districts by the level of opportunity structure. The table contains classification on the basis of index of opportunity structure, i.e., the composite score of the selected variables like, number of industrial states, number of industrial complexes, number of public sector industries, percentage of villages electrified, percentage of villages located at less than one km. of distance from pacca road, and the number of bank offices per lakh of population.¹⁴

Concerted efforts have to be made to build industrial base. The government of Uttar Pradesh as a follow-up of the Industrial Policy of the Government of India, has introduced a variety of schemes and inducements to attract entrepreneurs to the State. The State has several coordinating agencies for industrial development. Such as:

- (1) Directorate of Industries
- (2) Pradeshia Industrial and Investment Corporation of Uttar Pradesh (PICUP).

13 Modi, K.K., Inaugural address at the Seminar on Industrial Potential of Uttar Pradesh, 23-24 March, 1984, New Delhi.

14 Tiwari, R.T., op.cit., p.212.

Table 8

Classification of District by the level of opportunity structure

S.No.	Level of opportunity	Districts declared as industrially backward	Non-backward
1.	Low (Less than 1.25)	Badaun, Shahjahanpur, Hardoi, Bahraich, Gonda, Partapgarh, Hamirpur, Lalitpur, Pithoragarh, Garhwal, Tehri Garhwal, Chamoli, Uttarakashi, Mainpuri, Fatehpur, Ballia, Ghazipur, Sultanpur, Jaunpur, Banda, Jalaun, Almorah (22)	Nil
2.	Medium 1 (1.25 - 1.50)	Etawah, Pilibhit, Sitapur, Basti (4)	Gorakhpur, Mirzapur (2) (2)
3.	Medium 2	Bulandshahr, Etah, Farukhabad, Mathura, Rampur, Barabanki, Rai Bareilly, Unnao, Deoria, Faizabad, Jhansi, Azamgarh. (12)	Bareilly, Varanasi, Muzaffarnagar, Lakhimpur Kheri (4)
4.	High (2.00 & above)	Moradabad	Agra, Aligarh, Bijnor, Meerut, Kanpur, Saharanpur, Lucknow, Allahabad, Dehradun, Nainital, Ghaziabad (11)
TOTAL		39	17

Source: Tiwari, R.T., Opportunity structure and industrialization of backward areas in U.P., Indian Journal of Industrial Relations, Vol.19(2), October, 1983.

- (3) Uttar Pradesh State Industrial Development Corporation (UPDIDC).
- (4) Uttar Pradesh Small Industrial Corporation (UPSIC).
- (5) Uttar Pradesh Financial Corporation (UPFC).
- (6) Uttar Pradesh Agro-Industrial Corporation.

Incentives and Concessions for New Industries

In order to boost up the industrialisation in the State, a variety of incentives and concessions are offered by the State government. Right from project identification to the actual commissioning of the units various facilities are offered. Agencies like UPSIDC/PICUP assist in identifying medium and large scale projects and the Directorate of Industries Consultancy Cell helps in the case of small scale projects. The various concessions offered are as follows:

Land - Small scale units can avail of the facilities of constructed shed-plots in industrial estate on hire purchase basis. The cost of acquisition of land is also subsidised in certain selected backward districts.

Finance - The U.P. Finance Corporation (UPFC) offers term loan of Rs. 30 lakh in case of cooperative societies and companies and of Rs. 15 lakhs in case of partnership and proprietorship firms for investment in fixed assets. Rate of interest admissible to small scale industries is 16.5 per cent for non-backward areas and 15.5 per cent for backward

areas. For the medium and large scale industries, the rate of interest is 17 per cent and 15.5 per cent for non-backward areas, respectively.

Equity Participation - Pradeshiya Industrial and Investment Corporation of Uttar Pradesh (PICUP) and Uttar Pradesh Industrial Development Corporation (UPSIDC) extend direct equity participation assistance to private and public limited companies by way of promoters' contribution. This assistance is given only towards the unbridgeable gap of promoters' equity subject to a maximum of Rs. 20 lakhs by each of the two corporations.

Power - Power is freely available; new units are exempted from power cuts for 5 years. A number of concessions are also available, viz., minimum consumption guarantee, development rebate and billable demand. In addition to power subsidy is available to 22 categories of small scale industries up to 20 H.P. load. The maximum subsidy is 9 paise per unit on power rates exceeding 9 paise per unit.

Central Investment Subsidy - A subsidy of 25 per cent on fixed investment subject to a maximum of Rs. 25 lakhs is admissible to units set up in category 'A' district, A subsidy of 15 per cent subject to maximum of Rs.15 lakhs is admissible in category 'B' districts while a subsidy of 10 per cent of the fixed investment subject to a maximum of Rs.10 lakhs is

admissible in category 'C' districts.

Interest Free Sales Tax Loan - In non-backward districts, interest free loan equal to sales tax paid for 3 years to a maximum of Rs.40 lakhs or 50 per cent of the gross value of fixed assets is given to units set up before 30th September, 1982.

State Capital Subsidy For Exports - A State capital subsidy of 10 per cent of the investment is admissible to 100 per cent export oriented units in the field of electronic products. Finished leather manufactures, sports goods, processed foods, fruits vegetables, meat and allied products, khadi fabrics and garments.

There are several additional concessions exclusively for small and tiny industry, viz., interest subsidy, margin money loan, subsidy on productivity studies, machines on hire purchase, package assistance, marketing assistance and stamp duty subsidy.

CONCLUSION

The survey of endowment and plans to use them for economic development has thrown open issues of vital interest. The State has fertile plains, rich forests and strong and robust population. Agriculture, which is the mainstay of the State's

economy, is not co-extensive of population. It is suggested that the application of science and technology to farming is an activity to be performed by the State. While it is desirable to attain ever higher agricultural development, the State must generate forces of industrialisation. The policy of rural industrialisation through small units is also necessary. It would check migration of population to urban centres, raise the standard of living of eighty per cent of people and involve less capital. Economic infrastructure must precede the industrial units as envisaged in the State's economic plans.

The following chapter focuses on cottage industries to take in perspective the role to be played by them in accelerating economic development of the State.

Chapter II

THE ROLE OF COTTAGE INDUSTRIES IN THE DEVELOPMENT OF UTTAR PRADESH

ROLE OF COTTAGE INDUSTRIES IN THE DEVELOPMENT OF UTTAR PRADESH

The preceding chapter dealt with the economic development of Uttar Pradesh with an emphasis on historical perspective. It has covered significant aspects of economic development including agriculture, vegetation, power, transport, communication and industrial development, which play important role in the State's economy. The State is endowed with plenty of human resources and fertile land which provide sound base for industrial development. The facilities and incentives available for investment in industries have also been discussed. The new policy measures and strategies for encouraging ancillary industries as "Nucleus Projects" for the development of backward areas and infrastructure facilities have also been included.

The present chapter analyses the role of cottage industries in the economic development of Uttar Pradesh. The chapter examines various measures taken by Khadi Gramodyog Board and assistance rendered to these industries.

Cottage industries from times immemorial, have played catalytic role in organic and cultural unity of India.

Of course, they have not been immune to technological development all round. The cottage industries adopted the modern technique of production and modified the products to suit changing demand.

Essentially, cottage industries have the following distinguishing features:

- (1) The maximum capital to be employed by the cottage industries is limited to Rs. one lakh.
- (2) They employ labour intensive technique and manually operated appliances.
- (3) They serve local market and are established in the houses of artisans.
- (4) Workers consist of family members.
- (5) They are not organised like modern factories.

The cottage industries exist both in the rural and urban areas. In villages the weaving, sericulture, bee-keeping, etc. are undertaken in cottage industries. The urban areas, with population of 50,00, have cottage industries engaged in cane work, gold and silver works, ivory works, wood carving, etc. They employ maximum capital of Rs. 1 lakh.

Some tend to regard cottage industries as inefficient units in the economy due to the manual operations and little organisation. Opposition to the development of cottage industries loses its weight in the view of the socio-economic objectives which they stand to serve. In the unequivocal

opinion of the Uttar Pradesh Cottage Industries Committee, 1947: the cottage industries are the means of better employment opportunities. Besides, they are economically viable units to serve demand for artistic goods.

During transition from agricultural phase to industrialization, the industrial imbalances emerged. We have to be conscious about socio-economic gaps which have become wider. For development, it is necessary to raise food-intake per head, increase supply of producer goods. Cottage industries can help the country correct the gap between consumer goods and the producer goods for smooth transition from agrarian to industrial economy.

The Second Five-Year Plan stressed that "the primary objective of small industries in rural areas is to extend work opportunities, raise income and standard of living and bring about a more balanced and integrated rural economy."¹ These objectives were set all over the Plan period and the Sixth and the Seventh Five-Year Plans have also accepted the role of cottage industries in the development of integrated rural economy.

It is world-wide phenomenon that primary goods producing countries are backward. Industrial development occupies important position in the economic development. Highly industrial countries, e.g., Japan, have laid stress on the

1 Government of India, Report of Second Five Year Plan, 1956-61, Planning Commission, New Delhi, p.439.

development of small and cottage industries. They have reached the top position in the industrial world because cottage industries constitute base of their industrial empire.

India is predominantly an agricultural country and there is great need for the development of cottage and small scale industries to lay, in reality, the foundation of our industrial development. Among the socio-economic objectives as enunciated in the Industrial Policy Statement of the Government of India, mention can be made of "strengthening of the agricultural base by according a preferential treatment to agro-based industries and promoting optimum inter-sectoral relationship."² The promotion of suitable industries in rural areas would be accelerated to generate employment and higher per capita income for the villages in the country, without disturbing the main occupation, namely, agriculture.

In India about 76.3 per cent of the total population depends on agriculture and lives in villages where traditional pattern of culture, language, profession, thought and way of living continues to persist. It must be conceded that it is to the village that India owes the unbroken continuity of her old culture. Of the abundant population working on land in India, the Royal Commission on Agriculture, 1928, stated: people employed in agriculture have no employment for three to

2 Annual Report 1980-81, Khadi and Village Industries Commission, Bombay, p.6.

six months in a year on an average. There is, thus, an enormous volume of under-employment and disguised unemployment, the number of those seeking work increases at a faster rate of about three million a year.³ By virtue of generating employment, cottage industries have created employment for several millions and enhanced purchasing power among workers living in small towns and large villages. By offering new chances for local employment, they are keeping workers home and away from big industrial centres where unemployment, housing scarcity, etc., create disillusionment, discontent and many other social problems.

Cottage industries are labour intensive while the large scale industries are capital intensive. The capacity of large industries to provide employment is limited due to use of labour-saving devices. Moreover, the village and small scale industries stimulate prosperity for producers, e.g., agriculturists, miners and other artisans who produce local raw-materials for various industries. By utilising raw materials for their own production or by using the intermediate goods, they enrich a wider segment of the rural economy. Planned development of cottage industries will increase the wealth of the country-side and improve the income and living standard of our agricultural population. The Third Five Year Plan, therefore, stressed "the development of

3 Government of India, Report of Royal Commission on Agriculture, 1929, New Delhi, p.19.

village and small industries as an integral element in developing national economy. They are expected to lead to fuller use of local resources, meet a significant part of the expanding demand for consumer goods, form a vital link between agriculture and large scale industries and provide increasing opportunities of employment both in the rural and the urban areas."⁴

Role of Cottage Industries in Uttar Pradesh

Uttar Pradesh being the most populated State of the country, naturally needs large number of village and cottage industries to meet industrial needs and generate sufficient employment opportunities.

The rural industries form a part of the total industrial plan. To create maximum employment opportunities for the rural youths and to reduce dependence upon agriculture in the rural areas, the village industries have acquired added importance. People living below the poverty line can benefit from these industries. These will also check exodus from villages to cities.

The products of some of the cottage industries enjoy wide market and few of them are even exported. An idea can be formed from the list of products of cottage industries

4 Government of India, Third Five Year Plan, 1961, Planning Commission, New Delhi, p.42.

given below as to their importance in the State's economy:

Metalware and steel, brass and copper, electroplates, wire, buckets, trunks, tin, canisters, cartons and agricultural implements.

Oils, hand-made paper, shoes and miscellaneous leather articles, perfumery, handlooms and textile of many varieties, carpets, durries, hosiery, niwar, woollen tweed, gold-thread.

Food processing including gur and khandsari, fibres and fibre products such as sutli tat-patte, patson, etc.

Cutlery, knives, razors, scissors, cycle parts, ceramic and glass, bangles, glass phials and pottery. Cane, bamboo, willow and straw products, basket, fancy woodware, wood carving, etc. Toys, brush, glue, horn combs, locks, soap, etc.

The Uttar Pradesh Khadi Gramodyog Board was established in 1957. The Board participated in a big way in the task of expansion and launched a programme for setting up of 50 village industries in each block. It also encouraged cooperative efforts among villagers of low income.

There are 27 industries which have been brought under Khadi Gramodyog Board and these industries cover, khadi, processing of pulses, spices, cereals, etc., and cottage match, manufacturing of fibre works, hand-made paper, village

pottery, village leather and collection of forest plants and fruits for medical purposes and also manufacturing of Lok Vastra - Poly Vastra and the rubber goods.

Khadi Gramodyog Board provides financial, technical and marketing assistance for the proper development of industries. The industries are also allowed central investment subsidy through District Industries Centres. The units financed by Khadi Gramodyog Board are also eligible for exemption from payment of sales and purchase taxes.

The role of some important cottage industries in the economy of the State are discussed below:

Ghani Oil Industry

Oil extracting is the major cottage industry in Uttar Pradesh. It is profitable business activity which be easily undertaken in small villages as well as in the cities. Though the ghani sector accounts for only 15 per cent of the total output of vegetable oil in the country, the employment opportunities provided are larger than the small mill sector. The factors most favourable to investment in the ghani sector consist of less gestation period and small capital expenditure.

In the villages of Uttar Pradesh, the extraction of oil is done by bullock driven ghanis (kolho) which are plentiful in number. The number of persons engaged in this industry in Uttar Pradesh was 0.03 lakh in 1980-81 which increased to

0.06 lakh in 1986-87, capable of producing oil worth Rs. 226.0 lakhs during 1980-81 which went upto Rs. 1,137.70 lakhs in 1986-87. In 1980-81, Board sanctioned loan of Rs. 25.76 lakhs and grant of Rs. 2.60 lakh. The amount of loan was raised to Rs. 38.04 lakhs and that of grant to Rs. 0.15 lakhs in 1986-87 (Table 9).

However, the ghani sector has been hit by severe competition with the power-driven expellers and by the dearth of raw materials. To enable the ghani sector to play role in the context of fresh and pure edible oil supplies and also for providing employment in rural areas, it is suggested that there should be areas, reservation to certain oil-seeds, viz., sunflower, sesamum and niger exclusively for crushing in ghanis. Exemption of power-ghani from excise and producer's cess would be of great help to this sector.

This industry is run by registered cooperative societies, public sector organisations and individual units. The Khadi Village Industries Board is making concerted efforts for higher productivity, more earnings, provision of finance, technical assistance for improvement in machines used in ghanis, introduction of power driven ghanis, provision of training facilities to the workers in the operation and maintenance of modern equipments and machines.

Table 9

Progress of Ghani Oil Industry from 1980-81 to 1986-87
(Rs. in lakhs)

Year	Grant by Commission		Board's Allocation		Production	Sales	Employment
	loan	grant	loan	grant			
1980-81	29.48	3.30	25.76	2.60	226.00	252.00	3,000
1981-82	68.90	2.40	13.57	1.36	382.00	406.00	3,760
1982-83	-	-	-	-	-	-	-
1983-84	54.04	1.70	25.07	0.99	684.00	731.00	4,798
1984-85	34.88	0.27	49.25	0.76	729.00	789.00	5,186
1985-86	74.77	2.00	29.61	0.24	811.00	846.00	5,808
1986-87	80.58	0.15	38.04	0.16	1,137.70	1,263.51	5,908

Source: Annual Report (Hindi Bulletin), 1980-81, 1981-82, 1986-87, Uttar Pradesh Khadi Gramodyog Board, Lucknow, p.66-67.

Khadi

Among the main objectives of the policy, mention may be made of maximum possible growth of handlooms in the decentralised sector and faster rate of growth of khadi, hosiery and the natural silk sector to generate more employment and raise the standard of living of small weavers and other employed in these sectors. Another important objective is to strengthen and streamline the infrastructure for distribution of cloth to the weaker section of the population. The government also intends to encourage production of textiles and textile products in the khadi sector. The product of this sector would be made more competitive and of better quality in view of its large employment potential. Khadi sector can play significant role in the national economy by virtue of its inherent characteristic of providing employment opportunities to the rural artisans, particularly to the women folk and backward classes of people.

With the prime objective of increasing the level of employment and earnings of artisans, the Khadi Village Industry Commission's developmental programme have all along aimed at introduction of improved equipments and implements. The Commission recommended new processes and techniques for improvement in quality and higher productivity. As a result of sustained efforts of the Khadi Village Industries Commission, considerable improvements have been made in the quality of dyeing and printing, diversification and the

quality and fineness of the products. In the future development programmes, introduction of improved technology in ever increasing measure, would assume all the greater importance. As a result of the efforts made, the new product 'polyvastra' is picking up. The financial and physical progress of khadi is presented in the table No. 10.

Hand-made Paper Industry

The unique significance of hand-made paper industry lies in the use of several non-conventional raw-materials, such as rags, cotton waste, jute waste, paper waste, banana fibres, vegetable fibres, straws, citsonella grass, lemon grass etc. This has resulted in the industry's achieving a higher level of output and employment. Certain products such as greeting and wedding cards, fancy folders and files. The hand-made paper is based on consumer preferences. Apart from the domestic market, there is much scope for export of hand-made stationary items to countries like U.S.A., Canada, France, Germany, Australia, U.K. and other European countries. With the increasing trend of demand for paper, the installed capacity of the organised sector is not capable to bridge gap between demand and supply. The current acute shortage of paper is owing to shortage of output, and high cost of other infrastructure. Besides, unfavourable pricing policy and scarcity of investment resources, restrict expansion of the organised sector. The hand-made paper industry under the

Table 10

Progress of Khadi for Silk, Cotton and Woollen
(Rs.in Lakh)

Year	Commission		Production	Sales	(Persons in No.)	
	Grant by loan	grant				
1980-81	635.07	242.93	2,565.09	3,016.47	453,576	
1981-82	390.91	692.29	2,557.01	3,360.77	448,077	
1982-83	-	-	-	-	-	
1983-84	358.60	803.78	3,568.94	4,046.68	505,000	
1984-85	754.58	808.78	3,883.54	4,593.66	508,000	

Source: (1) Review of Khadi and Village Industries 1981-82, Statistical Statement, Bombay, p.321.
(2) Annual Report 1983-84, Khadi and Village Industries Commission, Bombay, pp. 85 to 142.

purview of Khadi Gramudyog Board, can contribute much to meet the State's requirements under the prevailing circumstances. In spite of many handicaps, the paper industry under the Khadi Village Industries Board continued to show encouraging performance. Uttar Pradesh is the leading State with 53 units followed by Tamil Nadu and Maharashtra. A detail of financial and physical progress of hand-made paper industry is presented in the table No. 11.

Future Prospects - Hand-made paper industry has bright prospects for expansion and development due to increasing literacy and industrialisation. Pioneering efforts of the Khadi Village Industries Board for the introduction, development and popularisation of the industry and adoption of improved methods of production, apart from more efficient process, would help the industry flourish. Hand-made paper industry can produce such papers as legal documents, stamp papers, etc. It is not suited to manufacture the paper for common use.

Gur and Khandsari Industry

Gur making is the basic rural industry in the country and occupies an outstanding position in village economy. In spite of significant growth and development, especially during the last decade, the cane-sugar economy is still to achieve stability. In India, only about 1/3rd of the total

Table 11

Progress of Hand-made Paper Industry for the years 1980-81
to 1986-87
(Rs. in lakh)

Year	Grant by Commission		Board's		Allocation grant	Production	Sales	Employment
	loan	grant	loan	grant				
1980-81	15.50	30.00	8.35		10.00	42.79	38.13	787
1981-82	149.41	18.16	72.89		8.92	62.69	46.60	899
1982-83	-	-	-		-	-	-	-
1983-84	32.33	0.43	19.80		0.02	114.18	119.51	1,132
1984-85	30.70	-	26.45		-	116.72	120.54	2,024
1985-86	21.25	-	99.70		-	131.51	144.57	2,179
1986-87	22.89	0.40	16.33		0.80	138.00	140.00	2,765

Source: Annual Report (Hindi Bulletin), 1980-81, 1981-82, 1986-87, Uttar Pradesh
Khadi Gramudoyog Board, Lucknow, pp. 74 to 75.

sugar-cane output is utilised for the production of white crystal sugar and the remaining is accounted for the manufacture of gur and khandsari.

Gur is called the poor man's sweet. Consumption of gur by common man in India has a long history as nutrition to supply much needed energy to the poor. Sugar-cane juice consists of 80 per cent water, 18 per cent sugar and 2 per cent non-sugar. The non-sugar is composed of mineral salts, protein and other nitrogenous bodies, resins, fats, waxes, gums and colouring matters. The sucrose is vital for health in this age of prevailing universal mal-nutrition. According to Dr. Kalidas Mitra of Public Health Laboratories, Patna, "Gur is richer in ash content than sugar. It contains vitamins 'B' and B²." ⁵

Uttar Pradesh is the largest producer of gur and khandsari with 22 registered firms. In case of cooperatives, Uttar Pradesh ranks third with 72 units. The production of gur and khandsari in U.P. in 1980-81 was worth Rs. 2,052.91 lakhs which increased to Rs. 4,676.56 lakhs in 1986-87. They employed 1,192,05 workers in 1980-81 which increased to 96,682. in 1986-87 as shown in the table No. 12.

Gur and khandsari industry is a useful means to remove unemployment and under-employment. It provides gainful employment of human resources. It makes use of bullock

5 Goyal, P., "Cottage Industries Guide", Calcutta, 1963, p. 118.

Table 12

Progress of Gur and Khandsari Industry from 1980-81 to 1986-87
(Rs. in lakh)

Year	Grant from Commission		Board's allocation		(person in No.)	
	loan	grant	Loan	Grant	Production	Sales Employment
1980-81	35.08	2.27	9.50	0.91	2052.91	2491.08 119205
1981-82	25.10	1.57	11.55	0.96	3158.00	3549.21 122265
1982-83	-	-	-	-	-	- -
1983-84	31.07	1.81	19.29	0.90	3937.43	4976.67 89536
1984-85	48.99	1.81	127.16	1.47	4021.01	5089.69 91938
1985-86	54.46	2.71	45.08	2.06	4353.18	3177.84 83963
1986-87	87.51	4.78	74.18	3.29	4676.56	5560.23 96682

Source: Annual Report (Hindi Bulletin), 1980-81, 1981-82, 1986-87, Uttar Pradesh
Khadi Gramodyog Board, Lucknow, p.60.

power during off-season and yields nutritive food for mass consumption. This industry suffers from many shortcomings, for instance, manufacturing process is primitive and wasteful. It has got to be modernised. Therefore, the Board has prepared the following programme to remove the handicaps and shortcomings in the gur and khandsari industry:

- (1) Maximisation of production and productivity.
- (2) Higher earnings for artisans.
- (3) Introduction of improved technology.
- (4) Generation of employment opportunities.

Soap Industry

Soap making is a profitable activity which can be undertaken even by small units. In spite of competition in the soap industry, cottage soap industry stands good. The primary raw materials used in soap making consist of several types of oil seeds which are usually either wasted or put to use for limited purposes. The Khadi Village Industries Board of Uttar Pradesh recognised the importance of this industry, and prepared programmes for assistance to it. The Board accepted the challenging task to exploit the vast wealth of non-edible oils for soap making. It is proved that non-edible oil is suitable for production of detergent soap. The country is able to conserve its precious resources of edible oil for human consumption and use the waste as raw-material in ever-expanding soap industry.

Registered cooperative organised sector and individual entrepreneurs are assisted by the Board with machines and equipments, working capital and technical know-how etc. The industry's remarkable progress is given in Table No. 13.

Cottage Leather

Leather-making has its inception in human civilisation. Man learnt to make use articles from hide and skin during hunting age. The skill is transferred from generation to generation. In a sense, it is a world-wide traditional activity. With largest number of live-stock, India is one of the major leather making countries. The industry has socio-economic significance as a whole; it provides employment to million of workers all over the country. 95 per cent are employed in cottage and unorganised sector. They mostly belong to the low income groups and come from traditionally, socially and economically weaker section of the society. Despite all the constraints, Indian leather industry has made tremendous progress. It earns foreign exchange to the tune of Rs. 300 to Rs. 400 crore annually.⁶

Leather industry in Uttar Pradesh is mostly artisan based and the bulk of the production takes place in cottage sector which is scattered throughout the State. It is largely located in Agra and Kanpur. The decentralised cottage

6 Annual Report, 1983-84, op.cit., p.89.

Table 13

Progress of Non-edible Oil & Soap Industry
(Rs.in lakh)

Year	Grant by Commission		Board's Allocation		Production	Sales	Employment (Persons in No)
	Loan	Grant	Loan	Grant			
1980-81	15.5	0.30	8.35	0.10	237.08	283.17	1,261
1981-82	37.5	0.17	0.65	-	294.44	339.47	1,468
1982-83	-	-	-	-	-	-	-
1983-84	25.67	1.71	21.79	1.16	332.26	368.06	1,987
1984-85	21.21	1.42	20.96	1.09	389.38	431.59	1,875
1985-86	26.13	0.85	29.16	0.42	446.90	512.38	1,917
1986-87	33.58	1.71	11.56	0.40	712.84	823.07	2,145

Source: Annual Report (Hindi Bulletin), 1980-81, 1981-82, 1986-87, Uttar Pradesh
Khadi Gramodyog Board, Lucknow, pp. 66-67.

leather industry has no modern equipments and does not employ innovated techniques. It not only brings down the productivity but also fails to avoid fuller use of raw hides. The quality also remains poor. Hence, keeping in view the potentialities of industry, the State has made constant efforts for the industry to achieve rapid growth so that additional employment is generated and income level of artisans and workers engaged in this industry goes up. In 1974 the government of Uttar Pradesh has established Uttar Pradesh State Leather Development and Marketing Corporation Limited at Agra (UPSLDMC), under Companies Act, 1956, to help cottage and small leather manufacturing units.

The industry is also assisted by Uttar Pradesh Khadi and Village Industries Board which launched many programmes. mainly for maximum utilisation of dead animals, upgrading the technological level, diversification of production and product development. To achieve the objectives, the Board has assisted artisans with the facility of finance, technical training, marketing, supply of raw-materials and research and development. The performance of cottage leather industry can be seen in the table No. 14.

Cottage Match

The cottage match industry is labour-intensive with vast scope for creating additional employment. For the

Table 14

Progress of Cottage Leather Industry from 1980-81 to 1986-87
(Rs. in lakh)

Year	Grant by Commission		Board's allocation		Production	Sales	Employment
	Loan	Grant	Loan	Grant			
1980-81	130.42	16.93	85.65	10.02	1083.54	1303.56	15,281
1981-82	149.41	19.96	72.60	8.92	1718.59	2040.02	22,281
1982-83	-	-	-	-	-	-	-
1983-84	151.44	17.26	77.44	8.55	2550.75	3052.15	30,150
1984-85	134.63	22.43	116.04	14.63	2686.68	3203.51	32,750
1985-86	135.20	16.55	135.20	16.56	3100.11	3654.78	45,391
1986-87	210.28	28.40	200.81	25.50	3439.24	4036.47	38,446

Source: Annual Report (Hindi Bullegin), 1980-81, 1981-82, 1986-87, Uttar Pradesh Khadi Gramodyog Board, Lucknow, pp. 72-73.

purpose of excise duty factories have been classified into three categories, namely:

- (1) Mechanised sector
- (2) Non-mechanised sector (middle sector)
- (3) Non-mechanised sector (cottage sector)

In Uttar Pradesh the total number of units were 55 in 1980-81 consisting of 9 departmental units, 28 units of State Khadi Village Industries Board and 18 owned by private individuals. Table 15 gives an idea about transactions by the Commission and the Board as well as the employment generated by cottage match industry during 1980-81 to 1986-87.

Handicrafts

Uttar Pradesh occupies a prominent place in handicraft products in India. Its artisans and craftsmen have brought fame and earned foreign exchange from export of artistic goods. The main centres of handicraft industry are Moradabad for brass-work, Varanasi for zari gold-work, Bhadohi for carpet and Bareilly for wood-work. Uttar Pradesh contributes 40 per cent to the total export of handicraft from India. The table 16 shows the position of export of handicrafts from Uttar Pradesh.

It is evident from the table 16 that textiles and carpets are the major source of exchange earnings. Both items of handicrafts, viz., carpets and textiles maintained steadily

Table 15

Progress of Cottage Match Industry for the years 1980-81 to 1986-87
(Rs. in lakhs)

Year	Grant by Commission		Board's allocation		Production	Sales	Employment
	Loan	Grant	Loan	Grant			
1980-81	54.38	2.48	14.52	0.71	15.17	16.68	1,345
1981-82	54.93	3.01	11.82	0.25	10.35	11.65	1,900
1982-83	-	-	-	-	-	-	-
1983-84	58.35	2.54	23.60	0.40	21.43	19.19	2,429
1984-85	68.50	2.00	56.78	1.45	21.42	21.67	3,000
1985-86	91.00	5.23	25.81	1.91	19.49	18.35	2,254
1986-87	108.02	2.10	73.71	0.63	45.22	52.55	2,591

Source: Annual Report (Hindi Bulletin), 1980-81, 1981-82, 1986-87, Uttar Pradesh Khadi Gramodyog, Lucknow, pp. 68-69.

Table 16

Progress of Handicraft export from U.P. for the year 1985-86
to 1987-88

Items	(Rs. in lakhs)		
	1985-86	1986-87	1987-88
<u>A. TRADITIONAL</u>			
1. Carpet	19.33	23.58	44.78
2. Other handicraft	8.27	12.37	20.02
3. Textiles/Madeups	165.93	198.41	223.27
4. Leather	1.01	1.00	1.89
<u>B. NON-TRADITIONAL</u>			
1. Alchohol molasses	-	-	-
2. Rice agricultural commodities	1,236.00	-	-
GRAND TOTAL(A + B)	1,435.46	240.31	291.70

Source: U.P. Export Corporation, Kanpur, U.P.

rising trend in exports. Efforts should be made to increase the production of handicrafts in Uttar Pradesh for larger exports in future. It would immensely benefit artisans if they are provided adequate funds and institutional help in marketing.

Sericulture

Sericulture is one of agro-based industries which is labour-intensive in character. It offers vast scope of employment for additional workers in the State. In Uttar Pradesh sericulture made its entry in the year 1951. Since then continuous efforts are made for the development and growth of mulberry-based sericulture in the State. Subsequently it was found that tassar silk could be developed because of the availability of oak trees in the hills and Arjun and Asan trees in the southern belt of the State extending from Mirzapur to Jhansi districts. While oak tassar is being developed in the hills, the tropical tassar development programme is undertaken in the southern-most belt of the State. The progress achieved in the production of mulberry and tassar cocoons (oak in case of hills) can be assessed from the table No. 17.

The table indicates increasing trend in production of mulberry and tassar. Production of mulberry increased from 1,30,000 kgs. in 1980-81 to 1,75,000 kgs. in 1982-83. Production of tassar also increased from 20,177 kgs to 36,00 kgs

during the period under review. Efforts to grow cocoons in hills have yielded returns. Hills have substantial share in the total production of mulberry and tassar in the State.

Table 17

Progress in Production of Mulberry and Tassar
Cocoons

Year	MULBERRY		TASSAR	
	Total	Kg. (in hills)	Total	Kh (in hills)
1980-81	1,30,000	61,000	5,51,621	20,177
1981-82	1,60,159	81,000	11,33,903	56,288
1982-83	1,75,000	76,000	3,36,000	36,000

Source: Report of Sub-working Group on Handloom and Sericulture, 1984-85, Directorate of Industries, Kanpur, Uttar Pradesh.

At present the work of sericulture is carried on in 37 districts of the State where other economic activities are not possible except agriculture. The sericulture provides subsidiary occupation to peasants in the State and offers better economic prospects. The sericulture activity rests on doctrine of physiology where temperature, climate and favourable geographical conditions exist for undertaking the rearing of silk-worm. The silk development programme has been discussed below:

(1) Mulberry - The climatic condition of the hilly territories of Uttar Pradesh, specially around Dehradun area and the

terai belt, is suitable for bi-voltine variety of mulberry silk cocoons. Multi-voltine variety is found suitable for propagation and development in the plains.

Including eight hill districts of the State, which at present account for about 70 per cent of the State's annual production, mulberry based sericulture industry has gradually spread in 32 districts as a result of emphasis on its production in successive plans. Mulberry plantation was undertaken in 352.19 acres of personal land-holdings and 2,175.789 acres of cooperative societies during 1983-87. The mulberry plantation work extended to seven more districts of tarai region, namely, Debal, Khor (Nainital), Dama (Gorakhpur), Goravgreria, Chintamani (Devria), Harlalnagar (Basti), Prithvigari (Agra), Dankal and Mahmood Sikanda (Meerut), Jalalpur and Bula (Muzaffarnagar). In 1983-84 the production of cocoon was 1,80,455 kgs. and the reeling of silk filament was 18,000 kgs of silk fibres. In 1985 the production recorded 1,48,230 kgs cocoons and 14,800 kg silk fibres.⁷

Today sericulture programme of development in the hills and certain parts of the plain is entrusted to Directorate of Handloom and Textile while the development of mulberry-based sericulture industry in the seven tarai districts is looked after by State Handloom Corporation.

Tropical Tassar - At present, under the Inter-State Tassar

7 Progress Review (Hindi Edition); Development of Industries in Uttar Pradesh, 1984-85, Directorate of Industries, Kanpur, (U.P.), p.128.

Development Project, work is undertaken in Mirzapur for plantation and growth of tropical cocoon production. The other project is under consideration of the State Government for covering the Bundelkhand area, viz., Banda, Hamirpur, etc. The main objective of the Plan is to provide better occupation to the tribals for rearing of silk worm in these areas. The development programme includes plantation of Arjun trees. It yielded 17.51 lakhs cocoon, and 1,419 kg tassar silk fibres.

Oak Tassar - The Oak tassar silk development scheme is undertaken in eight districts of hilly areas where the oak trees are easily available. In hill areas, the progress of oak tassar silk worm-rearing has not been satisfactory. In 1983-84 total output of tassar cocoons was 10,232 which increased to 37,059 cocoons in 1984-85.

CONCLUSION

Cottage industries have played crucial role in the cultural unity of India. They withstood the ravages of long British rule. Though they are criticised for ineffecient techniques of production and organisation, the cottage industries are still the means of providing better job opportunities. The successive plans highlited importance of this sector specially to deal with growing unemployment; regional disparity and inequality in the distribution of

income and wealth. In Uttar Pradesh, a vast canvas of business activities is covered by the cottage industries, viz., ghani oil (oil extraction), khadi handloom, paper, gur, and khandsari, soap, leather, match, perfumery, sericulture, ceramic, etc. For the sector to grow faster, the State Government has to accord priority to the problems of cottage industries and provide institutional help to them for development.

The following chapter projects the historical development of handloom industry with particular reference to the promotion of the handloom sector during Five Year Plans.

Chapter III

PERFORMANCE OF HANDLOOM SECTOR IN UTTAR PRADESH

PERFORMANCE OF HANDLOOM SECTOR IN UTTAR PRADESH

In the foregoing chapter an attempt has been made to assess the role of cottage industries in the economic development of Uttar Pradesh. Uttar Pradesh is essentially a State of cottage industries. Very often the cottage industries become a subsidiary business for farmers. The cultivators remain unemployed for 3-6 months in a year. The surplus labour is utilised in such industries as cloth-weaving, rope-making, etc.

The present chapter deals with the historical background of handloom industry. Attempt is also made to analyse problems of growth of handlooms in Uttar Pradesh with particular reference to developmental programmes under the Five Year Plans.

The spinning and weaving of cotton cloth was very much a part of every day life in ancient India. The first reference to cotton in literature is found in Rigveda hymn.¹ The hymn written in 15 B.C. mentions thread in loom and that cotton was used for weaving. The Atharvana Veda says that day and night spread light and darkness over earth as the

1 Gazetteer of India, Social Education Ministry, Government of India, Publication, 1973, New Delhi, p.260.

weavers throw a shuttle on the loom.² The Mahabharata mentions monicra, probably a fabric with pearly woven border, and Pali works refer to the kaseyvaka of Varanasi as worth a hundred thousand silver pieces.³ Hindu laws in the religious book of Manu recorded its use about 800 B.C. It may be inferred from Hindu Laws in Manu that the plant and fibre had both been known for generations even before 800 B.C. It was specified in the laws that sacrificial thread of the Brahman must be made of cotton (karpasi).

The history of handloom industry dates back to the Epic Age. The technical superiority and monopoly of handloom is displayed in the production of a variety of fabrics in which gold and silver lace is wrought, viz., artistically designed colour sarees. Striped and check fabrics occupy a place of pride in the world of cloth makers. The fine muslin of Dacca was famous throughout the world. It received poetic names like abe rawan (running water), sarbati, bafttehawa and shab-e-nam (evening dew), etc. A piece of finest muslin of 20 yards long and one yard wide could be made pass through a finger ring. Such muslin required six months to manufacture. Besides, gossamer silk of Varanasi, chikan of Lucknow, calicoes of Calicut and Palota of Baroda and other fabrics of Assam, Manipur, Orissa, are well-known.

2 Atharvana Veda, 10/7/41, cited in Moti Chandra, Prachin Bhartiya vesh-bhusha (in Hindi), Prayag, 1930, p.14.

3 Gazetteer of India, op.cit., pp. 259-262.

The marvellously woven tissues and sumptuously wrought apparels of ancient India, to which Magasthenes testified, were not only used in this country, but they found their way to Egypt, Greece, and Rome in the heyday of their glory. Export of handloom cloth dates back to the time of Gautama Buddha. It is said that India had trade relations with Babylon in 3000 B.C. as Egyptian Mummies belonging to 2000 B.C. are supposed to have been found wrapped in Indian muslin of the finest quality.⁴ In ancient Rome, Indian muslins and chintz were well-known.

The handloom sector produces a rich variety of cloths for sophisticated as well as for the common men, viz., himroo and paithan, palota and phar cochola, dhablas and chenderi, tasar and jamdani, phulwari and brocades. Madras handloom sarees (dhoties) are famous in the world market.

The textiles played significant role in the economic history of India. For not only gainful employment to large number of rural craftsman but also for help to traditional art till 18th century. Handloom products of quality and workmanship were exported in bulk to European countries. The middle and eighteenth century witnessed the decline of the export of Indian handloom products. It is well known that the decline of our handloom industry was not solely due to economic reasons. There were two main reasons for the decline

4 Government of India, Report of the Industrial Commission, New Delhi, 1918, p.195.

of the industry: (1) British economic policy, and (2) Competition from machine-made goods.

(1) British Economic Policy

The process of decay began with policies of British government against the interests of handloom industry. The repressive commercial policy of the East India Company is largely responsible for the decline of Indian handloom industry. The Britishers developed their own industries and protected them from influx of foreign goods. The British Parliament imposed heavy duty on Indian cloths. Between 1700 and 1829 dyed calicoes were altogether prohibited and duty on certain types of cloths ranged from 30 to 80 per cent.⁵ The Indian cotton and raw silk was exported to Manchester and Lancashire to develop the then newly growing mechanised textile industry of England. R.C. Dutt referred to a letter dated 17.3.1769 written by the Directors to the East India Company authorities, asking them to encourage the production of raw silk fabrics and the weaver should be forced to work in factories and not in their own houses.⁶

(2) Competition with Machine-made Goods

Competition with machine-made goods grew intense with the development of means of transport and communication. Weavers

5 Mukherjee, R.K., Foundation of Indian Economics, Longman Green & Co., Calcutta, 1916, p.263.

6 Ibid., p.263.

had no means to face competition from imported English cloth. The weavers suffered from inadequate supply of yarn, dyes, chemicals, etc. Traditional rural market was lost to English cloth. Consumers preferred machine-made cloths for low prices. The hostile British policies hit hard the handlooms. With Khadi Movement, people started to take interest in handloom products as a part of National Independence struggle.

The national movement emphasised development of Indian industries. It led to the boycott of foreign goods. The policy of boycott was endorsed by Indian National Congress. In a special session of the National Congress held at Calcutta, a resolution was passed to adopt hand spinning and hand weaving and weaving of Khaddar as a measure of discipline and self sacrifice. The Nagpur Congress later passed a resolution in favour of making India economically independent and called upon merchants to carry out gradual boycott of trade relations with Britain. At an All-India Handloom Weaving Exhibition held at Patna, there was 'absolute unanimity' of opinion among the experts for development of handloom as an artistic industry.

The first President of India once observed:

"I admit that production can be increased more easily by installing heavy machinery; but if such increase in production is achieved at the cost of cottage industries, it will mean more harm than good to our people. This is the economy of

village industry. This alone will suit our country. Whatever may be the requirements of other countries, hand-spinning and weaving is our ancient heritage. It was carried to perfection in the past and still supplies a means of livelihood to millions of our people."⁷

The attention of the government was drawn to the problems of the industry by Royal Commission on Agriculture, in 1928. Having seen weavers struggling without base of any guild, it expressed the view that the resuscitation of the village industries on cooperative organisation should be developed to face the increasing competition from organised industry. No steps were however, taken by Government to develop the handloom industry till 1934. At that time the Government of India made a provision of Rs. 5 lakhs in every financial year for the purpose of improving the handloom industry. Some of the State Governments supplemented this subsidy by contribution from their own resources. The grievances of handloom industry were reviewed in many industrial conferences and committees. Eventually on the recommendation of Handloom Conference held in 1940, the Government of India appointed a Fact-Finding Committee in 1941 which conducted exhaustive field survey, covering different aspects of the life and works of the handloom weavers and submitted its report to the Government of India in 1942. This was the first report

7 Rural India (Journal), April, 1972, Bombay, p.1.

containing valuable and authentic information on various aspects of the industry, viz., size and shape of the employment potential and importance in national economy. The Committee endorsed grievances of the industry and recommended, among other things, the establishment of an All India Handloom Board. The Committee asked to reserve a certain percentage of yarn to weavers. The Board could not function for quite a long time due to refusal of grant by the Centre. Consequently it vanished by 1947.⁸

Government of India launched a programme for sound development of handloom in 1950. The programme consisted of the following steps:

- (1) Setting up of an All-India Handloom Board.
- (2) Additional excise duty on mills.
- (3) Appointment of a textile enquiry committee.
- (4) Enforcement of certain interim measures for assured market to handloom industry.

The handloom industry play vital role in Indian economy. The age-old handloom industry continues to flourish even though human civilisation has undergone sea-changes. But the scientific advancement has not influenced the traditional taste for artistic handloom products. The handloom industry is spread throughout the country and the steady rhythm of handlooms can be heard in almost every village. The table 18

8 Report of Study Group on Handloom, Directorate of Commercial Publicity, Ministry of Commerce, 1965, New Delhi, pp. 5, 6.

indicates the distribution of handlooms in India, excluding domestic looms.

Table 18

Statement showing population of Handlooms in the
country
(As on 1983)

		(in thousand Nos)
S.No.	Name of the State/ Union Territory	Total No. of Handlooms
A. <u>STATES</u>		
1.	Andhra Pradesh ...	529
2.	Assam ...	200*
3.	Bihar ...	100
4.	Gujarat ...	20
5.	Haryana ...	41
6.	Jammu & Kashmir ...	37
7.	Karnataka ...	103
8.	Kerala ...	95
9.	Madhya Pradesh ...	33
10.	Maharashtra ...	80
11.	Manipur ...	100*
12.	Meghalaya ...	5
13.	Nagaland ...	20
14.	Orissa ...	105
15.	Rajasthan ...	144
16.	Punjab ...	21
17.	Sikkim ...	N.A.
18.	Tamilnadu ...	556
19.	Tripura ...	100*
20.	Uttar Pradesh ...	509
21.	West Bengal ...	256**

22.	Himachal Pradesh	...	134
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B. Union Territories

23.	Andaman & Nicobar Islands		N.A.
24.	Arunachal Pradesh	...	N.A.
25.	Chandigarh	...	N.A.
26.	Dadra & Nagar Haveli	...	N.A.
27.	Delhi	...	5
28.	Goa, Daman & Diu	...	N.A.
29.	Mizoram	...	1
30.	Laksha Dweep	...	N.A.
31.	Pandicherry	...	4
	TOTAL	...	3,198

Source: Report of Subworking Group on Handloom and Sericulture, 1984-85, Directorate of Industries, Kanpur, U.P., p.34.

N.A. Not available.

* Excluding domestic looms.

** Latest figures have been incorporated.

Handloom is a cottage industry in every sense of the term as the work is done largely in the homes of weavers. There are over 3.5 million handlooms in the country providing direct employment to nearly 10 million people. Handloom fabrics represent a deeper sentiment involving many days of the precious life of weaver in making a few meters of cloth. Viewed from beauty, utility and durability, handloom is second to none. In the last few years, resurrection of the poor weaver has taken place owing to the fact that handlooms have achieved prominence in the vast textile market.

Many effective measures have been taken by the Government of India and State Governments for the protection of this industry. The government of India took steps to establish a number of institutions for assistance to handloom industry including All-India Handloom Board (1945), its reconstitution (1952), All-India Fabrics Marketing Cooperative Societies (1956) and Handloom and Handicrafts Export Corporation of India as a subsidiary of S.T.C., etc. The Government of India also set up Weavers' Service Centres and institutes of handloom technology in order to organise a machinery to keep watch on the changing fashion and evolve new pattern and designs which would not only keep alive interest of consumer in handloom products but also increase the demand for handloom fabrics.

Handloom Industry in Uttar Pradesh

Handloom industry occupies a place of importance in the economy of Uttar Pradesh. It is biggest cottage industry of the State. There are about 5,09,400 handlooms employing more than 15 lakh people directly or indirectly as evident from Table No. 18. In fact, this is the only decentralised rural and suburban industry which provides employment to weavers and the weaker section of the society. The industry is not only opening new avenues of income for them, but also providing quality cloth at cheaper prices to consumers. The following table No. 19 presents division-wise classification

of the handloom industry in Uttar Pradesh.

Table 19

Position of Looms & Weavers as on
March 31, 1982

S.No.	Handloom Division	District	No.of Handlooms	No.of Weavers
1	Meerut	Meerut	26,101	20,830
		Ghaziabad	10,109	20,104
		Bulandshahr	10,009	34,818
		Saharanpur	9,688	30,422
		Bijnore	44,338	129,392
		Muzaffarnagar	11,078	27,724
		Dehradun	588	1,232
2.	Agra	Agra	6,622	21,436
		Mainpuri	11,078	9,586
		Farrukhabad	5,341	12,740
		Aligarh	11,537	40,242
		Mathura	5,216	15,496
		Etah	6,328	16,872
		Etawah	7,297	19,586
3.	Rohilkhand	Bareilly	10,035	14,096
		Shahjahanpur	4,341	10,272
		Pilibhit	4,768	13,942
		Rampur	4,816	4,268
		Badaun	9,095	22,750
		Moradabad	23,770	95,644
4.	Allahabad	Allahabad	3,962	5,372
		Kanpur	9,984	25,270
		Fatehpur	1,261	1,236

	Jhansi	6,508	17,160
	Hamirpur	2,365	8,114
	Jalaun	1,920	7,838
	Banda	640	1,908
	Lalitpur	357	2,137
<hr/>			
5. Banaras	Varanasi	68,091	181,808
	Jaunpur	5,925	9,158
	Mirzapur	3,825	35,182
<hr/>			
6. Gorakhpur	Gorakhpur	11,899	29,306
	Basti	22,216	81,170
	Deoria	4,305	3,460
	Azamgarh	53,412	210,074
	Ballia	2,746	5,110
	Ghazipur	8,265	22,766
<hr/>			
7. Lucknow	Lucknow	482	1,402
	Unnao	3,913	11,312
	Hardoi	7,741	16,488
	Sitapur	15,218	59,732
	Lakhimpur	2,752	6,112
	Rae Bareilly	262	708
<hr/>			
8. Faizabad	Faizabad	15,945	58,722
	Barabanki	23,155	57,717
	Sultanpur	1,522	5,536
	Pratapgarh	6,053	70,566
	Gonda	1,512	544
	Bahraich	277	7,154
<hr/>			
9. Kumaun	Nainital	1,414	6,058
	Almora	1,252	4,004

Uttar Kashi	540	3,096
Chamoli	340	1,034
Tehri Garhwal	325	1,584
Pauri Garhwal	194	378
Pithoragarh	-	120

54 Districts	509,400	15,08,684
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Source: Data quoted from information Braucher, 1984-85,
Directorate of Industries (Handloom), Kanpur,
U.P.

The hand weaving industry is widely distributed in the State. There is hardly any town and village without weavers. The finest cloths are manufactured mostly in Eastern districts. The special handloom fabrics are manufactured (e.g., silks and brocades) at Varanasi, Jamdanis at Tanda (Faizabad), chikan work and fine muslin at Lucknow, coarse, chintzs and quilt fard at Barabanki and adjacent towns, towels and bed-sheets at Gorakhpur, furnishing at Meerut and Etawah, cotton sarees at Maunath Bhanjan (Azamgarh), picnic durries at Agra, Amroha and Rampur, and durries at Agra, Kanpur, Sitapur and Aligarh. Other handloom weaving centres of note are Mubarakpur (Faizabad), Amroha and Sambhal (Moradabad), Khalilabad, Maghar (Basti), Sandila (Hardoi), Sikandara Rao (Aligarh), Ghazipur and Deoband, etc. On the whole, it is estimated that about one third of the cloth requirement of the people of the state belonging to different income group are met by the handloom industry.

Production of Handloom Cloth

As we have already stated, Uttar Pradesh is famous for handloom since time immemorial. Handloom weaving is considered to be the most significant industry in the decentralised sector and ranks only next to agriculture, with regard to employment. It is estimated that one third of the total cloth required is produced by the handloom sector. In the First Five Year Plan 66.8 million metres were produced which rose to 391.4 million meters in the Second Plan. During the Third Plan the production of handloom product went upto 582 million metres. It further increased to 905.8 million metres in the Fourth Plan.⁹ The table No. 20 shows annual increase in production of handloom cloth during 1969-70 to 1984-85.

Table No.20 reveals that the annual increase in the volume of production has increased from 1,572.46 lakh metres in 1969-70 to 3,723.30 lakh metres in 1974-75. It indicates the increase of 136.78 per cent approximately. Similarly, the production has gone up from 3,891.30 lakh metres in 1975-76 to 4,600.00 lakh metres in 1979-80, showing a rise of nearly 192.53 per cent. The industry has registered faster growth rate during the period under review mainly due to extension of cooperatives, establishment of production centres under U.P. Handloom Corporation and other production oriented schemes.

During the year 1980-81 to 1984-85 the growth in the

⁹ Industrial Development in U.P., Journal of Industry and Trade, May, 1972.

Table 20

Annual Increase in the Volume of Production of
Handloom Cloth from 1969-70 to 1984-85

Year	Production (in lakh meters)	Percentage (%) Inc/Dec over 1969-70
1969-70	1,572.46	-
1970-71	1,696.82	7.90
1971-72	1,505.03	- 4.28
1972-73	1,783.76	13.43
1973-74	2,500.00	58.98
1974-75	3,723.30	136.78
1975-76	3,891.30	147.46
1976-77	4,990.07	217.34
1977-78	3,203.41	103.71
1978-79	3,600.00	28.94
1979-80	4,600.00	192.53
1980-81	4,364.00	177.52
1981-82	5,020.04	219.24
1982-83	5,515.86	250.77
1983-84	5,646.63	259.09
1984-85	6,154.45	291.38

Source: Data quoted from Information Broucher
1984 and Supplied by the Directorate of
Industries (Handloom), Kanpur, U.P.

production of handloom cloth has further gone up by nearly 291.38 per cent with a rate of growth of nearly 58.27 per cent. The production of cloth in handloom sector increased from 4,364.00 lakh metres to 6,154.45 lakh metres during the same period. The overall growth in production during the period 1969-70 to 1984-85, was 291.38 per cent approximately. It yields annual growth rate of 19.42 per cent. An increasing per cent trend in production is maintained by the handloom sector.

Production Under Different Agencies

Against the total production of handloom cloth of 2,900 million metres, in the country, U.P.'s share was 15.8 per cent (460 million metres) in 1979-80.¹⁰ A target of 4,100 million metres was fixed for the handloom sector in the Sixth Five Year Plan period. It is heartening to note that whereas shortfall of about 400 million metres is estimated at the all-India level, U.P. will be able to achieve its target of 600 million metres which inter alia, will mean a share of 16.22 per cent in the all-India handloom production.

A number of agencies are involved in the production of handloom cloth in U.P. Important among the organisations are the Cooperative Department and the U.P. Handloom Corporation. A synoptic review of production operations of these agencies is presented below:

10. Report of Sub-working Group on Handloom and Sericulture, 1984-85, Directorate of Industries, Kanpur, U.P., p.2.

Cooperative Department

The following table presents performance of cooperative sector in the production of handloom cloth during 1980-81 to 1984-85:

Table 21

Production of Handloom Cloth Through Cooperative Societies from 1980-81

Year	Looms under cooperative fold (No)	Weavers (No.)	Organisation of cooperative Societies (No.)	Production (Million meters)
1980-81	23,722	14,758	498	442.41
1981-82	7,179	4,352	153	455.65
1982-83	8,111	4,233	150	500.63
1983-84	3,431	3,633	125	513.68
1984-85	7,192	4,519	150	502.86

Source: Information Broucher, 1984-85, Directorate of Industries, (Handloom), Kanpur, U.P.

The table reveals declining trend in the number of looms from 23,722 in 1980-81 to 7,192 in 1984-85. The number of weavers registered sharp decline from 14,758 to 4,519 during the period under review. Number of handloom cooperative societies decrease from 498 to 150, following closure of the sick societies. The State should provide necessary assistance to the Weavers' Cooperatives to promote their growth. Production has, however, maintained steady increase from 442.41 million meters in 1980-81 to 502.86 million metres in 1984-85.

U.P. State Handloom Corporation

The U.P. State handloom corporation has initiated programmes to promote production and marketing of handloom cloth. The corporation has undertaken necessary measures for the production of handloom fabrics in the State by establishing its production centres. The progress of U.P. State Handloom Corporation in the field of production can be seen from table No. 22.

Table 22

Production of Handloom Cloth Under U.P. State Handloom Corporation from 1977-78 to 1984-85

Year	Production Centres (No)	Production (Rs.in lakh)
1977-78	38	561.00
1978-79	56	951.38
1979-80	79	1,615.65
1980-81	117	2,533.85
1981-82	131	3,398.19
1982-83	166	3,057.38
1983-84	180	3,719.18
1984-85	186	3,845.31

Source: Progress Review (Hindi Edition), "Development of Industries in Uttar Pradesh", 1984-85, Directorate of Industries, Kanpur, U.P., p.172.

U.P. State Handloom Corporation produced handloom cloth worth Rs. 561 lakh in 1977-78. Its efforts to increase production paid dividends with handloom cloth worth Rs.3,845

lakh. The Corporation made investment in ever larger number of production centres which increased from 38 in 1977-78 to 186 in 1984-85.

Production of Janata Cloth

Production of controlled cloth in the handloom sector, known as Janata Cloth scheme, was started in India on 2nd of October, 1976. Like other major producing states of India, Uttar Pradesh has prominent place in the production of Janata cloth. Today 14 states and one union territory are producing Janata cloth with Uttar Pradesh contributing over 30 per cent of the total handloom Janata out-put. The Handloom Corporation and Uttar Pradesh Industrial Cooperative Association (UPICA), the Apex body of the handloom weavers' cooperatives play important role in the production of Janata cloth as evident from table No. 23.

Table 23

Statewise Janata Cloth Production from 1983-84 - 1984-85
(Million Metres)

States	1983-84	1984-85
	Actual/Supply	Allocation/Supply
Uttar Pradesh	86.23	90.00
Maharashtra	53.26	54.00
Madhya Pradesh	14.55	15.00
Bihar	36.00	40.00
Andhra Pradesh	22.85	30.00

Source: Draft: Annual Plan 1986-87.

In Uttar Pradesh the production of Janata cloth has been undertaken on large scale to improve the economic condition of the weavers. The State Handloom Corporation established 180 production centres in February 1984, for massive production of Janata Dhoties and saris. In 1984-85 there were 186 production centres largely in densely populated localities of weavers in Gorakhpur, Basti, Khalilabad, Mallawan, Mau, Mahoba and Meerut, Rampur, etc. employing 1,25,000 weavers.¹¹

The Corporation has started production in 1977-78. During 1977-78 to 1985-86 the Corporation achieved good progress in production of Janata cloth. The Corporation produced cloth worth Rs. 5.44 crore in 1977-78 and Rs. 29.31 crore in 1983-84. In 1985-86, the production of cloth was worth Rs. 33.37 crore which was 6 times as much as in 1977-78.¹²

The production of cloth under Janata cloth scheme has given encouragement and impetus to the weavers of the State under cooperative fold. All these measures would pave the way towards increasing the earning of the weavers in cooperative sector of the handloom industry of the State. The weavers of the State can reap benefits of Janata Scheme if weavers are efficient to maintain steady production for cheap cloth to common man.

11 Information Broucher(Hindi Editions), Uttar Pradesh, State Handloom Corporation Ltd., Kanpur, 1984-85, p.3.

12 Dainik Jagran, Daily Hindi News Paper, Gorakhpur, 14 February, 1988, p.9.



Conclusion

The handloom industry in Uttar Pradesh is one of the significant industries. It provides employment to workers during off season and provides cloth to fulfil one-third requirement of the State. The organised efforts of the State since Independence have yielded encouraging results in terms of increased volume of production. The number of handlooms has gone up specially with new agencies coming up in the handloom sector. The number of primary weavers' cooperative societies is an index of the organised efforts at production and marketing. Modernisation of looms have contributed most in raising the productivity of weavers. The U.P. Handloom Corporation has made success in running its production and marketing centres. The government has made special efforts for protection of weavers' handloom industry from powerlooms and textile mills. In October 1976, the U.P. Handloom Corporation undertook production of Janata cloth. Today U.P. alone produces 30 per cent of the total Janata cloth. Such measures are a source of encouragement and inspirations to the weavers under the cooperative fold in the State. It may be pointed out that a big chunk of weavers is still controlled by the master weavers and the money lenders. It therefore, becomes necessary to widen the cooperative sector for full coverage of the weavers. Production can further go up if the State

succeeds in providing assured market.

The major problems of the weavers' handloom industry is the subject matter of the forthcoming chapter.

Chapter IV

PROBLEMS AND PROSPECTS OF HANDLOOM INDUSTRIES IN UTTAR PRADESH

PROBLEMS AND PROSPECTS OF HANDLOOM INDUSTRIES IN UTTAR PRADESH

In the previous chapter, performance of handloom sector in Uttar Pradesh has been analysed. It has been observed that the industry has made progress through cooperative societies and Uttar Pradesh Handloom Corporation. The development of handloom industry will be hampered so long as its problems remain unattended.

The present chapter deals with the problems related to the development of handloom sector in Uttar Pradesh. The industry is facing many problems, viz., the problems of inputs, primitive looms, marketing and finance.

The handloom industry in Uttar Pradesh is largely cotton based except a small percentage of silk weavers in Varanasi, who weave silk cloth. The cotton is usually spun into yarn by family members. This traditional craft is gradually giving way to mill made yarn. The Planning Commission pointed out that the cotton crops in the State has become uneconomic with the availability of factory spun yarn. In the national context it may be observed that short staple cotton is grown here which is not suitable for handloom industry.

The cotton production in India was 7.01 million bales in 1986-87.¹ The share of Uttar Pradesh in cotton production is as insignificant as 5 per cent.

1 The Hindu, New Delhi, 3.3.1988, p. 28.

Raw silk is also used as raw material by the handloom industry. There are two kinds of raw silk, viz., mulberry and non-mulberry. As stated earlier, Uttar Pradesh produced 75,000 kg of mulberry silk and 36,000 kg of tassar (non-mulberry) silk. India is the fourth largest silk producing country, accounting for more than 6 per cent of the total world production. Uttar Pradesh lacks behind other states in silk production. Karnataka is the leading State with 26 lakhs kg of mulberry raw silk production. Lately, efforts have been made for more production of raw silk in hills and plains. Yet the handloom industry suffers from inadequate supply of raw silk for handloom products. It constitutes a major obstacle in the way of the State to contribute more to the handloom production in the country.

The State has initiated measures to create capacity of production of yarn with the State. The State established the cooperative spinning mill to meet the demand for yarn. The capacity of the mill is not large enough to fulfil the entire demand of the handloom industry and power loom sector. It is, therefore, recommended that the State Government should expand the capacity of the spinning mill.

The handloom industry requires dyes and chemicals. Ever since its inception, it is considered as an important ancilliary industry to weaving. The traditional practice of dyeing has been abandoned by weavers. These weavers in the

State largely depend on the commercial dyeing establishments. The Census Report, 1961, noted that weaving and dyeing by hill tribes is in contrast with people in plains due to difference in heritage and traditions. The dye-stuffs of the tribes consist of barks, flowers, leaves, seeds, etc. The method of dyeing is the closely held secret of the tribes.

The Cooperative Department has taken steps to help weavers' cooperatives with dyeing facilities at its centres established in various districts. The State Government provided looms and grants-in-aid to Weavers' Cooperatives to have their own dyeing and bleaching facility. As stated earlier, a large number of weavers are unable to avail of the financial assistance since they have not joined the cooperative sector and also because they could not contribute their initial capital for the project of dyeing and bleaching.

The weavers in the State largely work on primitive looms especially in villages. Lack of modernised looms checked the growth of production of handloom cloth. As observed by the Planning Commission in 1961, 76 per cent of the looms in the State were primitive. Many weavers are not aware of modernised looms. The poor weavers does not find it easy to acquire the skill of handling the improved implements. It is therefore, recommended that weavers should be educated about the benefits of increased earnings from modern looms. The State Government has taken significant measures to modernise the handloom

industry. Loans and grants-in-aid are provided to the weavers for acquiring the modern looms. Training centres have been established for the weavers. These efforts are not adequate as indicated in the Census Report 1981. According to the Report, individual weavers use the fly shuttle in the production of cloth in 76 per cent of villages and semi-urban areas.

The report by the sub-working group on handloom and sericulture, U.P. (1984-85) supported the above contention, according to the study group, the number of societies receiving loans gradually decreased from 250 societies in 1980-81 to 168 societies for modernisation of handlooms, though the amount of loan provided increased from Rs. 5 lakhs to Rs. 14.62 lakhs. The apparent reason for higher loans for smaller number of societies is expansion in the capacity of existing handloom units and increasing cost of the modern looms.

Marketing

Marketing of handloom products is one of biggest problems of handloom weavers. In fact, this factor has been the main constraint in the development of handloom industry. The responsibility of arranging market for the handloom products has been assigned to the U.P.State Handloom Corporation and U.P.I.C.A. for creation of additional sales outlets. The Corporation has 103 showrooms while UPICA has 45 showrooms which are spread over throughout the country.

Uttar Pradesh has a unique distinction of being the only State to organise handloom exhibitions every year at different places in the country. In each such exhibition, about 105 primary cooperative societies drawn from all over the State are allowed to participate for sales of their accumulated stock. The provision of 20 per cent rebate to the consumers during each such exhibitions provide fillip to the sales. The position regarding values of sales under different arrangement has been shown in table 24.

The table No. 24 brings to light the results of organised efforts in providing marketing outlays to weavers. U.P. Handloom Corporation made steady progress in boosting the sales of handloom products from Rs. 7 crores in 1977-78 to Rs. 40 crores in 1984-85. To cover wider areas, the number of sales centres was raised from 32 to 103 during the same period. UPICA was able to increase its sales of handloom products from Rs. 5 crores to Rs. 12 crores. Sales centres were expanded from 35 in 1979-80 to 51 in 1984-85. The handloom industry succeeded in popularising its products at sales exhibitions as evident from the sales of Rs. 6 crores in 1979-80 which increased to Rs. 11 crores in 1984-85.

Financing of Handloom Industry

Weavers are put to general financial hardships. In the large number of weaving centres they work under master

Table 24

Sale of Handloom Products under Different Arrangements
from 1979-80 to 1984-85

Total Sale.	1977-78	1978-79	1979-80	1980-81	1981-82	1982-83	1983-84	1984-85
A) Through U.P. Handloom Corp. (Rs. in crores)	7.28	15.00	24.13	31.38	31.20	34.01	39.60	39.91
Sales Centres (No.)	32	46	57	67	79	89	94	103
B) Through UPICA (Rs. in crores) (as per Cooperative year)	N.A.	N.A.	4.51	6.79	7.19	7.62	9.39	11.61
Sales Centres (No.)	N.A.	N.A.	35	36	36	39	44	51
C) Total sales Exhibition (Rs.in crores)	N.A.	N.A.	5.74	6.88	6.84	7.64	N.A.	11.00
During rebate	N.A.	N.A.						

Source: (1) Information Broucher, 1984-85, Directorate of Industries (Handlooms), Kanpur, U.P.
(2) Progress Review (Hindi Edition), "Development of Industries in Uttar Pradesh", 1984-85, Directorate of Industries, Kanpur (U.P.), pp. 95, 133.

weavers. Recently the nationalised banks have started financing schemes for weavers on cluster basis. The differential interest rate is charged on loans provided to weavers under small scale industry scheme. The banks are not enthusiastic in meeting full capital requirements of weavers due to poor recovery of loans. It is not fair to stop financial help for weavers for non-payment of bank loans. The problem has to be tackled properly. It is observed by various committees that lack of marketing outlets for the handloom products is mainly responsible for poor recovery of bank loans.

The weavers' cooperative societies provide working capital to them. The societies obtain working capital loans from the State Government. As observed earlier, the working capital loan from the State Government is not sufficient to fulfil the total needs of the weavers.

The Reserve Bank of India introduced schemes for handloom finance some years ago. The Study Group appointed by the Reserve Bank of India observed that the scheme has failed to make significant impact in the Northern and Eastern States. In some States the banks are not aware of the working of the scheme for handloom finance. As a result the Reserve Bank of India could sanction credit limits to U.P. Handloom Societies only from 1976-77.

Both the cooperatives and other banks neglected the

handloom weavers for long. The State must pay due attention to financial needs of the handloom industry.

The State government has occasionally raised loans in the capital market for cooperative sector. The primary weavers' cooperative societies, have observed earlier could not avail of the State loans for various schemes of modernisation and working capital due to restriction of margin money. The cooperative societies can become vital institution of financing with share capital participation schemes. In our opinion, the sick cooperative handloom societies should be liquidated and coverage of handloom be increased from the existing 33 per cent of loans covered under the cooperative sector.

The State Government cannot go all way out in financing the handloom industry because of the budgetary constraints.. It therefore becomes necessary to re-vitalise the cooperative financing net-work.

It is also worth considering that there should be a specialised institutional financing body for the weavers handloom industry. In our opinion, U.P. State Handloom Finance Corporation may be set up for providing finance to the handloom weavers on fair terms. It would serve the interest of weavers outside the cooperative fold who have fallen victims to the master weavers and money lenders.

GENERAL PROBLEMS

The existing training facilities are not adequate to train the weavers all over the State. In the absence of regular training programme there is low productivity of labour which also raises the cost of production. Though the Government has established certain centres to train the weavers, these are not sufficient in number. On the other hand, weavers are also not anxious to avail of the training facilities due to illiteracy and ignorance.

Good working conditions for weavers are important factor for higher productivity. Though the Uttat Pradesh State Handloom Corporation and Cooperative Societies have planned for the construction of work sheds and weavers' colonies to improve the working conditions, these are not sufficient. They labour all through the day, withstand onslaughts of poverty. As a result, their families are frequently afflicted with disease. They are weak also on account of malnutrition and exposure to filthy surroundings and exhaustion from longer hours of work.

It is worth citing that fiscal policy does not provide incentives to handloom weavers in joining cooperatives. I gathered from discussions with unorganised entrepreneurs in the handloom industry that they do not want to join cooperatives because of the unfavourable taxation policy of the Government, both Union and the State. It is therefore,

suggested that the fiscal policy should provide better incentives for the weavers to come in the fold of the cooperative sector.

Cooperatives which are supposed to be the best media for the development of handloom sector, are still working under heavy odds. They are not effective to protect the weavers' interest especially due to hold of big producers and the middlemen. As a result, they neglect the weaker section of weavers. Most of the weavers are reluctant also because they are not well informed of the merits of cooperatives and benefits of the improved methods of weaving, designing or dyeing. Some weavers are also forced to buy yarn on credit from yarn cum cloth merchants and are compelled to sell their products at relatively low prices to them.

Tastes and fabric habits of the consumers are always changing. Accordingly, in order to survive, the handloom weavers have to adjust their products to the changing demand. Four design centres have been established at Etawah, Meerut, Bareilly and Mau (Azamgarh) to evaluate the new designs on the basis of market trends and for introducing production of these designs in bulk. However, the problem of adapting and standardising the quality of handloom products to the changing requirements of consumers remain important. A number of Cooperative Societies in U.P. have been set up in the handloom sector but most of them are not functioning efficiently.

Finally, there is no minimum wage or a basic subsistence level wage fixed for the handloom weavers. When such the state of affairs is prevailing in states hand weaving industry, there has to be a fresh approach and thinking to provide a fair deal to the weavers in the changed context of socialism. The major difference between the handloom under cooperative and those under master weavers is the level of wages, the cooperatives wages are higher than that in the master weavers, financially not faring well, it has a prominent place in our society as observed by Mr. M.R. Balakrishna in Selected Essays: "The machine makes cloth cheap. But human well being depends not merely on cheapness individual talents should also be conserved to sustain culture of a nation. This may clash with least cost mode of living, but handlooms are necessary. So retention of handlooms, though less efficient, is no sign of economic retardation."²

In spite of the problems mentioned above, the handloom industry in Uttar Pradesh has made remarkable progress since independence. The production of cloth, increased from 66.8 million metres in 1951-56 to 615.45 million metres in 1984-85. The handloom cooperative form the biggest single group among the industrial cooperatives. The weavers in this are finding assistance under head of working capital by the Reserve Bank of India Guarantee Scheme and from other financial institutions. In 1980-81 the assistance availed was of the order of only

2 Rao, Akurathi Venkateshwara, Handloom Industry in India, A Study, 1973, New Delhi, National Cooperative Union of India, pp. 115.

Rs. 413.7 lakhs for 1,173 societies and quantum guarantee rose to Rs. 1,669.92 lakhs for 1,761 societies in 1984-85.³

Besides this, the assistance is given for construction of workshed, proper bleaching and dyeing, managerial assistance, modernisation of looms, processing, distribution of yarn, marketing of final product and facility of designing centres. The Cooperative Societies have started five designing centres at Kanpur, Itawah, Mau (Azamgarh), Bareilly and Barabanki. These centres produce about 500 designs annually and weavers in cooperative societies avail of these designs free of cost. Cooperative yarn spinning mills are also established to solve the yarn problem. At present there are four spinning mills working in Etawah, Maghar (Basti), Nagina and Bulandshahr. Beside these, seven more Cooperative Spinning Mills are to be established at Amroha (Moradabad), Mauawan (Allahabad), Bahadurganj (Ghazipur), Mahmoodabad (Sitapur), Fatehpur and Farukhabad.

The importance of the handloom development programme is reflected in the crucial role played by the Rebate on Sale Scheme, 20 per cent of the value of output for 30 days in a year is provided under the Rebate on Sale Scheme (R.S.S.) to ensure marketing ability of cooperative handloom products.

3 Report of the Sub-working Group on Handloom and Sericulture 1984-85, Director of Industries, Kanpur, U.P.

The State Government has also created voluntary fund to provide assistance for social obligation like marriage, higher education, water and electric connections for the welfare of the weavers. The scheme of group insurance and saving has been extended to those engaged in the handloom industry. More than 1,400 weavers have been brought under this scheme so far. Due to severe drought in the State and increase in the price of yarn, the State government has asked the nationalised banks to provide easy finance at the rate of 4 per cent interest per annum under the scheme of differential rate of interest.⁴

In addition to this, several new programmes were introduced in 1986-87. These include assistance for direct production programme to UPICA and Uttar Pradesh Handloom Corporation, incentives to handloom weavers for export, establishment of fancy yarn units, establishment of a mobile quality control unit, interest subsidy to technical entrepreneurs and provision for warehousing facilities.

The demand prospects for the handloom industry both within and outside the country is not discouraging. There is good demand for handloom products in overseas market. Whereas the share of handloom sector in the export of textiles is around 33 per cent. Uttar Pradesh has not been able to contribute its due share in the country's efforts to increase exports.

⁴ Mittal R.K., Director Handloom, 'National Handloom Expo-88', Dainik Jagran, Daily (Hindi News Paper), Kanpur, Feb. 14, 1988, p.4.

It is, therefore, proposed that a comprehensive programme has to be undertaken for increasing exports of hitherto non-conventional handloom fabrics from Uttar Pradesh during Seventh Five Year Plan. The programme must have the following salient feature:

- 1) Visits to foreign markets by groups comprising of representatives of handloom producers, Handloom Corporation and Apex body under an officer of the Directorate.
- 2) Special lecture courses on export procedures and incentives in various important handloom centres of the State.
- 3) Provision of an incentive subsidy to exporters from Uttar Pradesh (except silk production).
- 4) Reimbursement of expenditure incurred for preparation and approval of samples by foreign buyers.

The handloom industry engaged in the production of mass consumption items has suffered on account of growing competition from the powerloom and weavers leading to under-employment and unemployment.

To protect the handloom, the Government of India have reserved certain items for exclusive production in the handloom sector. Under the existing reservation order, only certain cotton articles are given for exclusive production in the handloom sector. The first set of order was issued in

1950 and later on one item was added in 1976. The present situation is governed by the notification issued on 15th April 1977, under cotton textile control order of 1948.⁵ There are too many exceptions and technical specifications under Handloom Reservation of Articles for Production Act. For example, sarees, with border exceeding two and half inches and heading more than nine inches, using coloured yarn in border or heading, are reserved for handloom sector. In the case of dhoties only those with border exceeding half an inch and containing coloured yarn in such border, are reserved.

However, it is to be seen that certain categories of items are reserved for the handloom sector with certain specifications. Powerlooms take advantage of loopholes in the Reservation Act. It is, therefore, necessary that government should come forward with measures to protect the handloom sector. Sivaraman Committee has pointed out difficulties in the implementation of reservation order, "Once the goods leave a powerloom, it is difficult to establish whether they were produced in a unit with more than four powerlooms or in a smaller unit. As a result, the protection supposed to have been given to the handloom sector has been only on paper and the powerloom sector has been producing the reserved items, whenever they found it profitable to do so."⁶

5 Indian Express, New Delhi, August 16, 1985, p. 8.

6 Economic Times, New Delhi, August 10, 1982, p. 5.

In the statement of New Textile Policy, 1985, priority was given to the welfare of handloom weavers. It laid emphasis on revival of dormant looms and modernisation. The Policy says that "the distinct and unique role of handloom sector shall be preserved."⁷ The Policy further stated that "the growth and development of this sector shall receive priority."⁸ With this object in view, it lists several measures to be undertaken in order to enable the industry to realise its full potential as also to ensure higher earnings for the handloom weavers. The policy lays emphasis on the development of handloom equally through cooperative and Centre-State level corporation. The other measures suggested in the textile policy are related to modernisation. To emphasise this strategy '1986-87' was observed as the year of Modernisation of Handloom. During the year, several schemes and programmes were implemented for modernisation including provisions of technical and other inputs, adequate availability of yarn and other raw materials, encouragement for production of mixed and blended fabrics, removal of cost handicaps, strict enforcement of Handloom Reservation of Articles for Production Act, training of weavers, market support, and intensive publicity. The Seventh Five Year Plan had stipulated the transfer of responsibility for the entire production of controlled cloth to the handloom sector. The

7 Office of the Development Commissioner for Handloom, Ministry of Textile, New Delhi, 1986.

8 Ibid.

decision to entrust production of Janata cloth in the handloom sector was taken in view of several positive factors such as persistent demand from certain states for increased target.

Under the Janata cloth scheme, it was expected that the higher target of Janata cloth, would activate dormant looms and create additional mandays of employment. In this connection, it may be observed that Development Fund would be created out of subsidy to handloom sector for production of the Janata cloth. The fund would be utilised to finance the schemes of weaver's welfare, modernisation and expansion of handloom industry.

CONCLUSION

The handloom industry is faced with the problems of inadequate supply of inputs, outdated looms, unorganised marketing system and lack of institutional financing. The State does not produce sufficient quantity of mulberry and tassar silk. Efforts should be made for the production of raw silk in non-traditional areas. The shortage of long-staple cotton is also an obstacle in the developmental process of handloom industry. The weavers are unable to compete with powerlooms in the procurements of threads. The State Government should expand the spinning capacity in the cooperative sector. The dyeing facilities at centres established in various districts of the State are not adequate to help the

weavers in bleaching and dyeing their products. The efforts of the state to provide capital loans to weavers has not been sufficient to deal with the problems of technical assistance. In our opinion, the condition of margin money to avail of the loans from the State Government should be withdrawn.

Marketing mechanism is quite inefficient to provide outlets for the weavers handloom products. Since Independence, the institutions have come up to handle the marketing problems, viz., U.P. Handloom Corporation, U.P.I.C.A. and Government departments. They have established sales centres all over the State to boost the sales. The weavers are unable to produce more in the absence of assured market.

The study also reveals lack of demand forecasting, market research and development services. In our opinion, the development of handloom industry would remain lopsided so long as large number of weavers remain dependent on master weavers.

Weavers continue to suffer from general financial hardships. The nationalised banks are reluctant to provide loans to weavers on cluster basis. The Reserve Bank of India's scheme of finance to handloom societies has also not been effective in dealing with the financial problems. The State loan to cooperative societies does not contribute significantly in relation to the total capital requirements of the handloom

industry.

In our opinion, the U.P. State Handloom Finance Corporation should be set up for loans on easy terms and conditions, besides revitalising the cooperative credit societies for weavers.

These problems have surfaced in the formulation of Five Year Plans and policies of the State vis-a-vis the handloom industry.

The forthcoming chapter deals with the role of the State Government in the development of the handloom industry.

Chapter V

ROLE OF STATE GOVERNMENT IN THE DEVELOPMENT OF HANDLOOM INDUSTRY

ROLE OF STATE GOVERNMENT IN THE DEVELOPMENT OF HANDLOOM INDUSTRY

In the preceding chapter, it was observed that the handloom industry is beset with major problems, viz., inadequate supply of inputs, low productivity due to outmoded tools and equipments, limited outlets for weavers' products, and inadequate institutional finance. The State government began to organise efforts for proper development of the handloom industry since Independence so that the poorest section of the society (weavers and silk work rearers) get a source of income. The present chapter is devoted to critical analysis of schemes initiated by the State for weavers' handlooms in a bid to point out shortcomings and suggest remedial measures.

Handloom Industry Under Five Year Plans

The handloom industry is labour-intensive as it employs small capital base. The Planning Commission regarded it as a vital means to level of income since it provides employment to weaker sections of the society.

The State Government has made allocation in each successive Five Year Plan to achieve the goal. The table No.25

shows Plan-wise allocation and expenditure as follows:

Table 25

Plan-wise Allocation and Expenditure of Handloom
Sector

		(Rs.in lakhs)	
Five Year Plans	Year	Allocation	Expenditure
First Plan	1951-56	120.10	90.79
Second Plan	1956-61	255.48	229.34
Third Plan	1961-66	300.66	180.34
Annual Plan	1966-69	46.40	45.33
Fourth Plan	1969-74	381.00	272.60
Fifth Plan	1974-78	1,527.21	1,189.06
Annual Plan	1978-79	452.56	337.97
Annual Plan	1979-80	653.04	448.71
Sixth Plan	1980-85	4,875.00	4,682.62
Seventh Plan (Proposed)	1985-90	5,900.00	-

Source: Data quoted from Information Broucher, 1984-85,
Directorate of Industries (Handloom), Kanpur,
U.P.

In the First Plan period, an amount of Rs. 90.79 lakhs was spent against the allocation of Rs. 120.10 lakhs. Handloom under the First Plan was mostly promotion oriented rather than production oriented. In the First Plan, the U.P. Planning and Development Department set forth the targets to promote technical improvement and reforms in organisation in the weaver and unorganised sector. The scheme of weavers

cooperative was mooted for such a purpose in 1951. To bring the weavers into the cooperative fold, share capital of weavers, and working capital of cooperative weaving societies was provided by the State Government as interest free loan. All such measures were directed to prepare a base for sound development of the weaving cooperatives and to create a market for the handloom products.

With a humble beginning in the Second Five Year Plan, the State Government went ahead in implementing a number of schemes. It includes increase in the share capital, working capital rebate, supply of improved looms and accessories, marketing outlets. These developmental programmes for the handloom industry were available to handlooms in cooperative sector. Assistance to weavers' cooperatives was provided to the tune of Rs. 255.48 lakhs. It paved the way for the success of scheme undertaken during the Third Plan period.

While formulating the Third Plan for handlooms, it took into account attainments, drawbacks and difficulties experienced in the past Five Year Plans. The Third Plan tried to be a more realistic in considering the long range approach for handloom industry in India. The Plan made provision for the installation of improved looms and full employment of weavers to attain the target of larger production. The Third Plan had made allocation of Rs. 300.66 lakhs, out of which a sum of Rs. 180.34 lakh was spent on infrastructural development.

The main objectives of the programme of handloom development in the Fourth Plan were to improve the productivity of the weavers, to enlarge the availability of institutional finance and to pay special attention to the growth of handloom industry in rural areas and small towns. The Plan had envisaged outlay of Rs. 381.00 lakhs, out of which Rs. 272.60 lakhs were utilised. So it can be seen that during the Fourth Plan period the handloom industry in Uttar Pradesh, especially in cooperative fold received impetus for improvement in quality.

The Fifth Plan incorporated concrete policy for the development of handloom industry. For instance, the Janata Cloth Scheme was started in 1976 in order to meet the cloth requirements of weaker section of the society. The Plan allocated Rs. 1,527.21 lakh, out of which Rs. 1,189.06 lakh were actually utilised.

In order to make handloom weaving a commercial proposition, the Sixth Five Year Plan emphasised upgradation of existing level of skill of artisans as well as improvement in the quality of their products, and larger production, both for mass consumption and export. The Sixth Plan also aimed at assisting the primary weaving cooperative societies to establish common workshed for assembly type of production. The Plan also expects to create infrastructural facilities like establishment of processing units, yarn bank, so that

cooperative societies are not handicapped in the matter of commercialisation of products. So, we can see that more emphasis was given to the establishment of weaving shed, establishment of designing and dyeing centres, training of weavers on modern looms and accessories for handloom industry in cooperative fold.

Handloom Development Programme

The Government of Uttar Pradesh has laid special emphasis on the development of weavers and handloom sector in the State. The strategy has been to remove the stronghold of middlemen on weavers who have been traditionally dependent upon them for their requirement of raw materials and marketing of their products. In order to achieve this, various schemes and programmes have been formulated, viz., assistance in the field of financing, improvement in tools and implements, availability of yarn, dyes and chemicals, standardisation of products and marketing facilities to the weavers. Following agencies were established by the State government to assist the weavers:

- (1) Cooperative society, and
- (2) Uttar Pradesh State Handloom Corporation Ltd., Kanpur.

(1) Cooperative Society

The scheme was introduced in 1951 with a view to give fillip to the manufacture of handloom fabrics according to

approved standard and specification and also to make available to such societies yarn of requisite quality and count. Cooperative societies assist in the following respect:

- (a) They purchase yarn, materials, etc., in bulk and retail them on credit to the weavers on normal profit.
- (b) They sell the finished product effectively and manage other marketing aspects.
- (c) They advance cash to help the weavers during slack season and provide training facilities to the weavers.

The Government recognise the necessity of cooperative societies for the weavers and steps are taken to bring more looms under cooperative fold. The number of such cooperative societies at the end of March 1952 was 745 with working capital of Rs. 51.30 lakhs of fixed capital of Rs. 26.62 lakhs.¹ At the end of the Sixth Five Year Plan the looms brought under cooperative fold were 33,568, and the target of 60 per cent looms under cooperative fold has already been achieved.

Financial Assistance to Cooperative Societies

Finance is the most important input for any industrial activity. Today financial assistance is made available to the weavers' cooperative societies under:

- (a) Share capital loan scheme.
- (b) Working capital assistance under the R.B.I. scheme.
- (c) Assistance for construction of workshed.
- (d) Assistance for setting up of dye-houses.
- (e) Modernisation of looms and equipment.
- (f) Managerial assistance.

¹ Report on First Five Year Plan of U.P., Manuscript, p.33.

(a) Share Capital Loan Scheme

The quantum of financial assistance under share capital loan scheme has been increasing from year to year. In 1980-81 loan assistance to the tune of Rs. 70.20 lakhs was given to 810 societies in the State. In 1981-82 and 1982-83 this amount rose to Rs. 84.75 lakhs and Rs. 147.15 lakhs respectively. The number of beneficiary societies rose to 1,184 in 1982-83. But during 1983-84 and 1984-85 it has come down to Rs. 153.44 lakhs and Rs. 122.88 lakhs respectively and number of societies assisted was 1,065 in 1983-84 and 929 in 1984-85.

Table 26

Year	Societies assisted	Rs in Lakhs
		Amount
1980-81	810	70.20
1981-82	749	84.75
1982-83	1,184	147.15
1983-84	1,065	153.44
1984-85	929	122.88

Source: Report of Subworking Group on Handloom and Sericulture, 1984-85, Directorate of Industries, Kanpur, U.P.

(b) Working Capital Assistance

Weavers' Cooperative societies are allowed to avail of working capital assistance from cooperative banks under R.B.I. (now NABARD) guarantee scheme of the Government of

India. The rate of interest charged from the societies in $2\frac{1}{2}$ per cent below the R.B.I. lending rate. A subsidy of 3 per cent is given to the cooperative banks to cover their losses in interest and handling charges while in 1981 the assistance availed of was of the order of only Rs. 413.87 lakhs the quantum of guarantee rose to Rs. 1,669.92 lakhs during 1984-85 (excluding Rs.300.00 lakhs allowed to UPICA).

Table 27

R.B.I. Guarantee Scheme
(Rs. in Lakhs)

Year	Societies assisted	Amount
1980-81	1,173	413.87
1981-82	1,425	595.43
1982-83	1,502	1,114.85
1983-84	1,659	1,328.99
1984-85	1,761	1,669.92

Source: Report of the Subworking Group on Handloom and Sericulture, 1984-85, Directorate of Industries, Kanpur, U.P.

(c) Assistance for Construction of Dye-houses

Even the use of costly dyes and chemicals, if used improperly, can lead to poor finishing of products. Poor weavers with scanty means are unable to arrange modern facilities for proper bleaching and dyeing and are dependent upon their traditional method for the same. Cooperative societies

were provided loans to the extent of Rs. 37,500.00 per loom. (Societies are required to arrange Rs. 12,500.00 only from their own resources), for setting up a proper dye house in 1980-81 to the extent number of societies benefiting from the scheme varied between 10 and 17 during 1980-85.

Table 28

Year	(Rs.in lakhs)	
	Societies Assisted	Amount
1980-81	10	3.750
1981-82	14	5.250
1982-83	17	6.375
1983-84	11	4.125
1984-85	10	3.750

Source: Report of Sub-working Group on Handloom & Sericulture, 1984-85, Directorate of Industries, Kanpur, U.P.

(d) Assistance for Construction of Workshed

Weavers are generally working on the looms in their residences due to shortage of space and unhealthy surrounding. They are not able to work properly on modern type of looms and accessories. A weavers' cooperative society is provided a loan upto Rs. 60,000.00 (society is required to invest Rs. 15,000.00 from its own source) for setting up a common workshed. The loan is to be recovered in 10 equal yearly instalments.

The scheme is becoming popular amongst the weavers' cooperative societies and during the year 1980-81 assistance amounting to Rs. 2.40 lakhs was provided to 4 societies . Similarly 4 societies availed of this assistance in the 1981-82. When the scheme was brought under the district sector in 1982-83, assistance of Rs. 6.375 lakhs was given to 13 societies. This shows that the number of weavers cooperative societies willing to avail of this assistance has gradually increased except in 1983-84. In 1983-84, 12 societies received assistance of Rs. 4.125 lakhs, and 21 societies Rs. 3.75 lakhs. in 1984-85:

Table 29

Year	Societies Assisted	(Rs. in lakhs)
		Amount
1980-81	4	3.150
1981-82	4	5.250
1982-83	13	6.375
1983-84	12	4.125
1984-85	21	3.750

Source: Report of Sub-working Group on Handloom and Sericulture, 1984-85, Directorate of Industries, Kanpur, U.P.

(e) Modernisation of Handloom

The looms generally used by the weavers are traditional, assembled locally by carpenters. Such looms are incapable of undertaking production of modern designs and increasing

productivity. In order to enable handloom weavers to accept technically improved looms and to enable them to achieve higher production target of superior quality and modern design, it is necessary to introduce the Jacquard, Dobby looms. Assistance by way of 2/3rd of loom and 1/3rd of grant is admissible under the scheme. Number of beneficiaries as well as the quantum of assistance availed of by them has gradually increased, as evident from the following table:

Table 30

Year	No. of Societies Assisted	No. of Handlooms	(Rs. in lakhs)
			Amount provided
1980-81	250	1,000	5.00
1981-82	132	1,046	15.20
1982-83	287	3,556	19.78
1983-84	336	21,062	14.36
1984-85	168	1,535	14.62

Source: Report of Sub-working Group on Handloom and Sericulture, 1984-85, Directorate of Industries, Kanpur, U.P.

(f) Managerial Assistance

For ensuring proper functioning of the cooperatives, it is necessary that the societies should be properly managed by the persons having knowledge of Cooperative Act, rules and accounting procedures, etc. The societies, being financially weak, cannot afford to have qualified and trained persons in their employment. The scheme envisages financial

assistance to the cooperative societies for appointment of trained secretaries for which assistance of Rs. 5,400.00, Rs. 3,600.00 and Rs. 1,800.00 is given for a period of 3 years (on sliding basis). It is presumed that after a period of three years, the society would become economically viable to shoulder this burden itself. The progress achieved by the scheme during the first 3 years is given below:

Table 31

No. of Societies Assisted	1980-81	1981-82	1982-83	1983-84	1984-85
(A) First Year Rs.5,400/-	184	67	317	121	126
Second yr. Rs.3,600/-	-	178	67	307	116
Third year Rs.1,800/-	-	-	174	62	291
(B) Amount (Rs.in lakhs)	9.936	10,026	22,662	18,702	16,218

Source: Report of Sub-working Group on Handloom and Sericulture, 1984-85, Directorate of Industries, Kanpur, U.P.

It is, therefore, seen that all out efforts under the development programmes are made by the State to develop handloom industry for better standard of living of the weavers. The schemes of the State are directed towards the goal of bringing the weavers into the cooperative sector, ensuring supply of raw materials, making available improved equipments and tools, technical advice and providing financial and managerial facilities, besides improvement in designs and

marketing.

It is worth examining briefly the functions and working of the Uttar Pradesh State Handloom Corporation Ltd., Kanpur, to assess the availability and adequacy of the assistance to the handloom sector in Uttar Pradesh.

Uttar Pradesh State Handloom Corporation Ltd., Kanpur.

The Uttar Pradesh Handloom Corporation marks the beginning of institutional efforts in the State for development of weavers' handlooms. The Corporation was set up in 1972 with authorised capital of Rs. 10 crores and the paid up capital of Rs. 903.50 lakhs. The Corporation is entrusted with production and marketing of handloom goods. A project approach has been adopted to provide facilities to produce quality goods as per demand-pattern of consumer. The Corporation has included the following aspects in its development programme for comprehensive development of handloom industry.²

- (1) Development of weavers and handloom sector with minimum capital investment,
- (2) Marketing of handloom at a large scale with a view to gradually delete the role of middlemen,
- (3) Assistance in manufacturing the latest design of cloth,
- (4) Availability of raw-materials at cheaper rates, and

2 Progress review, (Hindi Edition), "Development of Industries in Uttar Pradesh", 1984-85, Directorate of Industries, Kanpur, U.P., p.118.

(5) Modernisation of handloom industry.

The Corporation has launched such projects of Handloom Intensive Development Projects, Export Development Project (Wool for the Hills), Processing Facilities and Designing Development.

The Corporation has made arrangement to export handloom products specially those manufactured at Allahabad, Azamgarh, Faizabad, Varanasi districts of Eastern Uttar Pradesh in collaboration with the Central Handicraft and Handloom Export Corporation of India, Ltd., New Delhi. The Ministry of Commerce, Government of India, has accepted the recommendations of Handicraft and Handloom Export Corporation of India, Ltd., New Delhi, to establish a trade centre at Dusseldorf (West Germany) and reopening of the Sona showroom in New York for the promotion of Indian handicraft and handloom products abroad. This is bound to encourage the handloom sector in Uttar Pradesh.

The National Handloom Development Corporation has established raw material bank at Lucknow (U.P.) in collaboration with the State Apex Handloom Corporation and State Handloom Federation to help the handloom weavers in getting regular supplies of yarn, dyes and chemicals, tools and equipment at reasonable prices.³ The objectives of the Corporation comprise the procurement and supply of inputs for the weavers to boost the production of handloom

³ The Economic Times, New Delhi, March 14, 1984, p.1.

goods by organising a chain of retail outlets and provide financial assistance for the settin-up of reeling, spinning mills in the cooperative sector.

Handloom Complex Project

The Uttar Pradesh Handloom Corporation Ltd., Kanpur, has established handloom complexes, which provide the necessary facilities, such as, financial assistance, especially to the technically qualified entrepreneurs with units consisting of about 25-50 looms.⁴ The complexes are functioning in 17 districts of the State, including Meerut, Ghaziabad, Gorakhpur, Mau (Azamgarh), etc. Under this programme, 334 entrepreneurs have been selected for establishing tha handloom units, out of which the project loans have been provided to 1,414 entrepreneurs for the construction of worksheds.

Intensive Handloom Development Project

Intensive Handloom Development Project was started by the Government of India in 1976-77 in various parts of the country for training weavers and modernisation of looms. In Uttar Pradesh, Corporation has started the Intensive Handloom Development Project at Gorakhpur, Basti, Bijnore, Mau, Meerut, Barabanki, Rampur, Moradabad, Hardio, Sitapur and Rai Bareili, Sultanpur. The training and modernisation centres adopted

4 The Times of India (Supplement), Lucknow, October 17, 1983, p.2.

57,863 looms till 1984-85, of which they have modernised 25,526 looms and trained 25,846 weavers (Table 32).

Processing Facilities

Processing plays important role in improving the looks, quality and consumers' acceptance of any product. This is so specially in case of textiles. With the production of blended fabrics in the handloom sector processing facility has assumed great importance. In order to arrange processing facilities for the handloom cooperatives as well as production centres of State Handloom Corporation, a process house, having a processing capacity of 30,000 metres of fabrics per day, has already been set up at Khalilahad-Basti.

The production of blended fabric is getting concentrated in Mauranipur-Rampur area of Jhansi district. The absence of processing facilities was causing inconvenience and difficulties to the local weavers. In order to provide dyeing, bleaching, finishing, calendering and processing facilities to the local weavers engaged in the production of blended fabrics, another process house with a capacity of 20,000 meters per day is being promoted at Mauranipur with an estimated investment of over Rs. 1 crore.

Design Development

It is an admitted fact that the handloom cloth should not only have the traditional look but also adopt latest

Table 32

Progress of Intensive Handloom Development Project

S.No.	Name of Project	Year of Inception	Adoption of looms (Target) (No.)	Adoption of looms (Achievement) (No.)	Modernisation of looms (No.)	Training of weavers (No.)
1.	Gorakhpur-Basti	1976-77	10,000	10,722	5,242	4,319
2.	Bijnore	1976-77	10,000	11,888	5,940	2,369
3.	Mau (Azamgarh)	1976-77	10,000	11,478	5,364	9,303
4.	Meerut	1977-78	10,000	6,115	3,575	3,886
5.	Barabanki-Faizabad	1978-80	6,100	5,280	1,347	1,225
6.	Rampur-Moradabad	1978-80	6,100	4,303	1,943	1,684
7.	Hardoi-Sitapur	1982-83	6,100	2,624	813	2,103
8.	Aligarh-Etah	1982-83	6,100	579	172	158
9.	Rai Bareilly-Sultanpur	1983-84	2,000	1,794	1,130	799
TOTAL				57,863	25,526	25,846

Source: Information Broucher, 1984-85, Directorate of Industries (Handloom), Kanpur, U.P.

designs to suit the needs of modern fashion. Accordingly, design-centres have been established at Kanpur, Etawah, Bareilly, Barabanki and Mau. More than 500 designs are evolved by these centres every year.

Quality Control and Standardisation

Quality control and standardisation are essential for ensuring uniformity and quality of production as well as assured market. The aspect of quality control and standardization has been duly recognised in the textiles sector; and 25 quality control centres have been established all over the State, including hill areas. These centres are giving proper guidance and advice to weavers to maintain the standard of their production. In order to ensure market for handloom products a full-fledged test laboratory, with modern testing facilities and equipment, is established at Kanpur.

CONCLUSION

Handloom is the oldest industry. It plays vital role in the economy of the State. It is observed that the handloom has made progress since independence. The State Government has initiated a number of schemes, under successive Five Year Plans for popularising handloom-cloth and ameliorating the lot of weavers. It is pointed out that handloom industry is speedily developing both in the cooperative and household

sectors. In the cooperative sector, weavers are provided with financial, managerial and technical assistance. Loans are provided for the construction of workshed, dye-houses and processing facilities. The Director of Handloom and Textile Industry also undertakes distribution and marketing of handloom goods.

The handloom cloth is finding its entry in almost every home. The credit goes to the effective marketing net-work of the Uttar Pradesh Handloom Corporation and UPICA.

The State Government is regularly monitoring the progress of the industry and taking steps to solve problems faced by it. The handloom is facing keen competition with the powerlooms and textile mills. The State Government is keen not only to keep the industry in the race and help the weavers to improve their economy, but also to ensure that the past glory is maintained and the industry flourishes day by day. The next chapter, therefore, incorporates suggestions which may be helpful in the future development of the handloom industry.

Chapter VI

CONCLUSION AND SUGGESTIONS

CONCLUSION AND SUGGESTIONS

Uttar Pradesh has been endowed with fertile plains, rich forests, strong and healthy population. Farm productivity has not kept pace with the growth of population. It calls for application of technology to farming.

However, forces for rapid industrialisation of the State have to be released by the State. It must include plans specially for rural development through small units.

The scheme would pay rich dividends in checking migration of population to urban areas as a result of availability of better employment opportunities. Such a development could be possible if the State Government provides the necessary economic infrastructure envisaged in the developmental plans.

Cottage industries continue to play crucial role in the cultural advancement of India in addition to economic prosperity. They are criticised for inefficient technique of production and organisation, yet the cottage industries are still the means of providing better job opportunities, specially for uplift of backward areas. The successive plans emphasised support to this sector to deal with growing unemployment, removal of regional disparity and for social equality. In Uttar Pradesh, cottage industries are engaged in diverse industrial activities, viz., ghani (oil extraction), paper,

gur, and khandsari, soap, leather, match, perfumary, sericulture, seramic, khadi, handloom, etc.

For the handloom industry to grow faster, the State government has accorded priority to their problems and taken measures for institutional financial help. For instance, cooperative scheme was introduced in 1951 for the production of the handloom fabrics according to the approved standards and specifications. The cooperative societies were also assisted by the State government in bulk purchase of yarn, materials, and marketing of the finished goods. The weavers also received financial help and training facilities.

In 1952 the State government provided financial help by way of term-loan, working capital assistance, assistance for construction of worksheds, dyehouses and for modernisation of looms and equipments. The managerial assistance is also extended to them for management and scientific organisation of cooperative handloom societies.

The term-loan scheme is quite popular with the handloom cooperative societies.

TABLE 33

Year	No. of Societies Assisted	(Rs. in lakhs)
		Amount
1980-81	810	70.20
1981-82	749	84.75
1982-83	1,184	147.15
1983-84	1,065	153.44
1984-85	929	122.88

Source: Report of Subworking Group on Handloom and Sericulture, 1984-85, Directorate of Industries, Kanpur, U.P.

The above table reveals the steady increase in term-loans to cooperative societies for modernisation, expansion, renovation during 1980-85. Similarly the working capital assistance reduced dependance on money-lenders.

Table 34

Reserve Bank Guarantee Scheme		
		(Rs.in lakhs)
Year	No.of Societies assisted	Amount
1980-81	1,173	413.87
1981-82	1,423	595.43
1982-83	1,502	1,114.85
1983-84	1,659	1,328.99
1984-85	1,761	1,669.92

Source: Report of Subworking Group on Handloom and Sericulture, 1984-85, Directorate of Industries, Kanpur, U.P.

For economic viability, Reserve Bank of India introduced schemes for adequate working capital in relation to production capacity of the member units. The foregoing table (No.34) set for the data pertaining to working capital which stood at Rs. 16.69 crores in 1984-85 as against that of Rs. 4.13 crore in 1980-81.

Modern facilities are made available by the State for improved quality of products. The poor weavers were unable to have modern bleaching and dyeing facilities. The State has formulated liberal loan policy to expand production capacity as evident from the Table No. 35. A unit is

entitled to the loan at subsidised rate of Rs. 3.75 lakh per loom. In short, net economic benefit is the basis of financial assistance.

TABLE 35

Year	No. of Societies assisted	(Rs. in lakhs)
		Amount
1980-81	10	3.750
1981-82	14	5.250
1982-83	17	6.375
1983-84	11	4.125
1984-85	10	3.750

Source: Report of Sub-working Group on Handloom and Sericulture, 1984-85, Directorate of Industries, Kanpur, U.P.

It is recommended to withdraw the condition of Rs. 12,000 to be provided by owners for availing of the scheme. The stipulation has become counter productive of the object of the scheme itself.

Increasing returns do not present complete spectrum of complex problems of the handloom industry. Efficiency of weavers, and so also that of the capital is premised on healthy environment, specially the space for work. Scheme of the State for workshed and loan upto Rs. 60,000 for workshed has not been catching up. The weavers and their societies are not financially sound to arrange for 25 per cent of the proprietors investment. I am of the opinion that in view of

degenerating efficiency the financial stipulation should be given up.

However, the introduction of Jacquard and Dobby types of looms has paved the way for reduced cost and higher profitability. It is still desirable that the State as at present provides 2/3rd of the cost should commit full financial assistance resources for widespread use of the modern looms.

It is well known that industry can hardly hope to flourish without trained personnel, a facility which is altogether non-existent in handloom sector. The State has adopted a scheme for training and appointing the managerial personnel, though the State is reluctant to stand by on permanent basis.

The textile goods market is highly competitive and handloom could hardly hope to survive the onslaughts of the large textile mills. Marketing facilities for benefit in common with all the handloom units led to the establishment of handloom cooperative societies with net work wide enough to undertake countrywide distribution.

To surmise the development of the handloom industry, following are the summary or developments of special significance to the handloom sector:

- (1) Development of weavers and handloom sector with minimum capital investment.
- (2) Marketing of handloom at a large scale with a view to gradually delete the role of middlemen.

- (3) Assistance in manufacturing the latest design of cloth.
- (4) Availability of raw materials at cheaper rates.
- (5) Modernisation of handloom industry.

The government of India has accepted the recommendations of the Handicraft and Handloom Corporation of India. Ltd., New Delhi, for trade centres to be established in West Germany and U.S.A. for export of handloom products. The State has brought into existence autonomous corporation to take care of diverse but serious problems of handloom industry. For instance, the State Handloom Federation is concerned with supply of chemicals and dye-stuffs; the National Handloom Corporation at Lucknow ensures steady supply of raw materials; and the Cooperative Spinning Mills undertake to provide yarns at subsidised rates.

Handloom industry's growth is impeded by lack of facilities to develop entrepreneurship. The State government, though reluctantly, has set up in 17 districts only the centres to train the existing and potential entrepreneurs in such important functions as financial management, production, and marketing management. It is not heartening to cite the number of entrepreneurs who are induced to participate in the programme, viz., 1,414 in U.P. Both the ignorance of entrepreneurs of the schemes' benefit and the State's reluctance to invest more in such centres account for unimpressive working of the scheme. The scheme of the State Government

to train workers in modern techniques of production met the same fate. Its sole objective was to attain for the handloom industry the net economic benefits of large production at minimum cost. The State is handicapped by inadequate resources for investment in the development of workers' training programme and the tradition-ridden class of weavers in the trade. Much serious efforts are required to overcome the obstructive policies and practices both.

The State Government was, off and on, under pressure from handloom sector to provide processing facilities for design and improved quality of products for survival in the face of stiff competition from large scale textile mills. The processing unit at Khalilabad with a capacity of 500 designs is not an effective panacea to the deep-rooted problems of the handloom industry's growth. Demand for handloom products has, of late, started picking up with quality control and standardization of products of modernised units. One laboratory at Kanpur is not capable of solving the industry's problem for evolving suitable measures to control quality or standardize the products to retain the existing and potential market.

The measures introduced by the State and so also those in offing, of course, indicate the State's unawareness of their impact on the handloom industry's development.

The contention asserted in the preceeding paragraphs is substantiated when we look at the State agencies' achievements. The State Government has failed to answer all the

problems of the handloom industry. Supply of yarn by the State Apex Cooperative is not adequate yarn has to be obtained from private traders who charge unfair prices from the weavers. The expanded capacity of the Cooperative Spinning Mill is not large enough to keep the weaver all over the State adequately supplied with yarns. Consequently, they make recourse to traders and pay exorbitant prices, a factor mainly responsible for low value-added and low-return. It is with recommending that the State Government should pay heed to the need for expansion of the activities of its agencies in tune with national objective to restore past glory to the handloom products. The objective would be far fetched without State sponsoring agencies for marketing management. The solitary State Handloom Corporation and its associates, including the Uttar Pradesh Industrial Association (UPICA), have yet to endeavour vigorously to expand market preceded by such scientific methods as market research centres for demand forecasting. It is undoubtedly of immense help to an industry in planning production and financial resources.

To surmise the deficiencies in the programmes and policies for the uplift of handloom sector, it is worth consideration the following factors deep rooted in its traditional techniques and practices. The initial capital of Rs. 15,000 or 25 per cent of the capital expenditure on modernisation is not easy for weavers to fulfil as a precondition to State assistance. In our opinion, the State

government should provide 100 per cent of the capital outlay for expansion, renovation and modernisation on easy terms.

Viability of handloom industry would remain questionable so long as the labour productivity is low. It calls upon more training centres, develop entrepreneurs and improve the working conditions. The study in the foregoing chapters has revealed that the existing training centres are not adequate to train the weavers all over the State. Ignorance and illiteracy has also contributed to the hesitation of weavers to receive the training at the centre. In our opinion, mass media should be used to persuade the weavers to get training in modern technique of weaving.

Ill health of weavers is constantly haunting them because of poverty, filthy surroundings and exhaustion. As stated earlier, the State Government's scheme for assistance in the construction of workshed has not made much headway due to unfair terms and conditions of the scheme. The poor weaver cannot contribute 25 per cent of the cost of the project and repay the loan with interest in 10 years. It is, therefore, recommended that the State Government should undertake the responsibility of providing common worksheds.

The fiscal policy is equally responsible for the existance of large number of unorganised weavers. The weavers are unwilling to join cooperatives because of the unfavourable taxation policy of the government.

The cooperatives have yet to become popular with the weavers. They have failed to protect their interest because of the dominance of big producers and middlemen. Survival of the unorganised handloom-weavers is precarious because they are ill-equipped to adapt to changing tastes and fabrics of the consumers. The four design centres in the State are unable to cope with the problem of evaluating the new designs on the basis of changing market trends.

The handloom weavers are not receiving fair wages. It is necessary for the State to make a fresh approach with problems of wages to the weavers. The weavers in cooperative receive much higher wages than those working under master weavers.

It is argued that handloom industry is not efficient in the utilisation of resources. The machine made cloth is cheaper than the handloom fabrics, hence the State government should not endeavour to sustain them. Yet it is a means to conserve individual talents for the promotion of national culture.

The Reserve Bank of India (RBI) has introduced a number of schemes to assist the handloom industry. The schemes have been introduced to finance the long term investment in workshed and looms. Likewise funds are provided to fulfil the working capital requirements. Assistance is also available for modernisation of looms and processing. Institutes have been established by the State government for supply of

inputs to the weavers and marketing of handloom products.

The State government has introduced voluntary fund scheme for assistance to weavers on such social occasions as fulfilment of marriage and death rites. The weavers also receive assistance for higher education of their children, water and electric connections. These measures will go a long way in improving the surroundings and banishing ignorance and illiteracy. The Group Insurance Scheme is also extended to the handloom weavers to take care of their survivals. In our opinion, the free medical health scheme should also be made available to them so that they enjoy good health.

Though the State government has developed infrastructure for the handloom industry, establishment of mobile quality control unit, incentives for exports and subsidy to new entrepreneurs and provision of warehousing facilities are equally necessary. These measures would strengthen the handloom industry and enlarge its share in textile exports from the present level of 33 per cent to 40 per cent and above. In the study it is recommended to incorporate the following measures for the promotion of handloom fabrics:

- (1) The State government should promote business tours to promote export of handloom products.
- (2) Procedure has got to be simplified for export of the handloom products.

- (3) The State government's policy to provide subsidy to the U.P. exporters should have to be stepped up for an edge over the foreign competitors.
- (4) The State government should reimburse the expenditures incurred by handloom exporters in the preparation and approval of samples by foreign buyers.

Problems of handlooms units engaged in the production of cheap fabrics is different from others. They are not faring well owing to competition from textile mills. They are suffering from idle capacity and unemployment of weavers. In 1950 the Government reserved some items for handlooms to make the reservation order effective the handloom reservation of Articles for Production Act was passed by the Parliament in 1977. But the statutory measures are not effective unless the powerlooms are checked from taking advantage of loopholes in the Reservation Act.

According to Sivaraman Committee, it is difficult to establish whether the cloths are made in a large unit or a small once the goods leave the powerloom. The protection to handloom is therefore on paper and the powerloom sector continues to produce the reserved items.

The Textile Policy 1985 has listed several measures to secure higher earnings to the handloom weavers. 1986-87 was observed as the year of handloom modernisation. During the year focus was placed on the problems of the handloom industry including technical assistance, financial assistance,

managerial assistance, supply of inputs, market development, marketing and research and advertisement. The Seventh Plan suggested to entrust production of entire range of controlled cloth to the handloom sector. In summary the steps taken by the State Government are not sufficient for the rapid development of the handloom industry. The handloom industry involves economic as well as the social issues. The cost of raw materials, lack of training, high cost of finance and stiff competition from powerlooms undermine the viability of handloom; hence the significance of the expeditious resources suggested above.

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